

September 26 1975

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THE TIMES

Spain: Franco must take the blame for growing violence, p 16

Two British climbers scale Everest by south-west face

first Britons to reach the summit of Everest—Dougal Haston and Doug Scott of Edinburgh—are also the first to do so by the difficult route up the south-west face which defeated five previous expeditions. They completed the climb, regarded as the last great challenge of mountaineering, on Wednesday.

Team takes hard way to the top

British mountaineers reached the summit of the world's highest mountain, Everest, by a difficult south-west face route, becoming the first to do so. The team, led by Dougal Haston and Doug Scott, of Edinburgh, reached the summit at 29,028 ft and the first climbers to reach the summit by the steep direct route south-west face. The team, consisting of Haston, Scott, and two Sherpas, reached the summit at 11 pm local time on Wednesday. The climb was a difficult one, involving a series of steep rock faces and a high level of technical skill. The team had been attempting the route for several weeks, and the climb was considered one of the most difficult in mountaineering history. The team's success was a major achievement for British mountaineering.



the top: The dotted line on the right shows the route of unsuccessful Everest attempts in 1921 and 1972. The solid line on the left shows Chris Bonington's route, with an alternative route shown as a broken line. Top right, Dougal Haston; bottom right, Doug Scott.

Mrs Thatcher feels she has won international acceptance

From Fred Emery
Toronto, Sept. 25
Mrs Margaret Thatcher, Leader of the Opposition, returned to London tomorrow morning believing that her two-week North American tour has made her "totally established as a political force in the international sphere".

Report puts schools' charity status at risk

By Clifford Longley
Charities should have to show that they exist for the benefit of the community before they can enjoy the advantages of charitable status, a House of Commons committee suggests in a report published yesterday. Once registered, however, the committee considers they should be allowed greater freedom to engage in political activity which under the present law is severely curtailed.

much more faith and confidence. She added: "Without it you're lost." She looked forward to the Conservative Party conference, saying: "I am well aware that it is a testing time."

Opec faces split in oil price dispute

From Roger Vilevsky
Energy Correspondent
Vienna, Sept. 25
The Organization of Petroleum Exporting Countries (Opec) was tonight facing a serious split after failing to agree on a new oil price structure during a five-hour meeting in Vienna today.

Pilots die as four Starfighters hit hillside

From Dan van der Vat
Bonn, Sept. 25
An entire flight of four Starfighters of the Italian Air Force crashed into a hillside in the Eifel mountain region of West Germany today, killing all four pilots.

Labour Party document criticizes Land Bill

By George Clark
Political Correspondent
Although the Conservatives are blamed for their "botched job" on recent local government reform, the Labour Party statement on regional devolution, published yesterday, is also highly critical of the Community Land Bill now before Parliament.

Mr Lever rejects import controls

By Malcolm Brown
Import controls could push us back to the economic stagnation and unemployment of the thirties, Mr Harold Lever, Chancellor of the Duchy of Lancaster, said yesterday.

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in Socialist denies CIA aid

Sept. 25.—Dr Mario Soares, Portuguese Socialist Minister for Foreign Affairs, denied yesterday that his party had been millions of dollars in the American Central Intelligence Agency (CIA).

Israel-Russian meeting in New York

Mr Andrei Gromyko, the Soviet Foreign Minister, met for three hours of talks in New York. The meeting, which so far has been unreported by the Soviet press and radio, is the first contact between senior ministers of the two countries for several years, and there was speculation that it could be a first step towards resumption of diplomatic relations.

2,000 at farm rally

More than 2,000 farmers took part in a rally in Central Hall, Westminster, yesterday, in support of higher prices and parity with the rest of the EEC. Sir Henry Plumb, president of the National Farmers' Union, spoke of the decline of the industry.

Glove print method perfected by Yard

A method of detecting and identifying prints left by criminals wearing gloves has been perfected by Scotland Yard detectives led by Commander Gerald Lamborne, head of the Yard's fingerprint department. The method is claimed to be almost as reliable as the fingerprint system.

Denial by Sinn Fein

Mr Rory O'Brady, president of Provisional Sinn Fein, denied yesterday that the Provisional IRA would immediately resume hostilities if the Ulster Convention collapsed and Britain resumed direct rule. But he said the British had broken the "truce" with harassment and intimidation.

29 in court on £44,000 fraud charges

Twenty-nine men appeared in court at Poole, Dorset, yesterday accused of theft and fraud offences totalling £44,000. Mr Michael Davis, for the prosecution, said detectives investigating car hire-purchase frauds held 47 people in raids spread over 36 hours in Hampshire, Dorset and Wiltshire. Some had been freed on bail by police, he said.

Explosives: six are arrested

Four men, aged between 20 and 30, a young woman and an elderly woman were arrested in Glasgow yesterday in connection with inquiries into alleged explosive offences. The matter is not connected with the recent bomb incidents in Scotland.

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HOME NEWS

Labour Party researchers outline three plans for English regional devolution

By Christopher Warman

A scheme to establish five large regions for a devolved form of government in England is envisaged in a document published by the Labour Party yesterday.

It is one of three possible regional set-ups discussed in the document, which was prepared by the party's research department. The others would be for eight regions, following the lines of the present economic planning regions, or 12-15 regions.

The paper is not an official statement of Labour policy, and for that reason does not make a firm commitment for or against regional government. It has been published in anticipation of the Government's White Paper on the Scottish and Welsh assemblies, expected in November, and will provide the basis for consultations within the Labour Party.

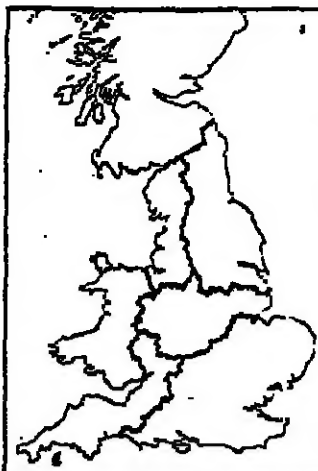
The paper takes as its basis the "strong presumption" established in the Redcliffe-Maud report on local government, 1969, and the Kilbrandon report on the constitution, 1973, in favour of elected regional authorities in England, assuming many of the powers and responsibilities of central

Refusing to commit itself, the paper concludes that regional authorities "may represent a more democratic, more effective way of managing our public affairs, and therefore demand our attention".

It puts forward the argument that if more government decisions are allowed to be made by elected regional authorities, "we could at one and the same time give ordinary people more say in what goes on in their region, and make government, local and national, more effective".

Referring to the existing regional authorities, not elected, the paper says: "This hotch-potch of ad hoc bodies and differing regional structures renders coordination between different sets of policies a superhuman task". There are, for example, nine water authorities, 14 health authorities, eight economic planning councils, while the Ministry of Agriculture and the Department of Employment each divide England into seven regions, but not the same seven.

The paper criticises the new two-tier system of local government, and says that proposals of regional government have concluded that England has



Five regional divisions of England envisaged in one of three Labour Party studies.

been left high and dry with a local government structure that is "incapable of discharging functions for which it has formal responsibility, with profound implications for planning and development in the countryside and areas of population growth".

It adds: "Regional authorities may be better equipped to cater for the task than our

current local government

machines." Putting the case against regional government, the paper says that the situation in England differs from that in Scotland and Wales notably in terms of population density. It quotes an attitude survey carried out for the Kilbrandon commission, showing a markedly lower proportion of people in England interested in the regional concept.

Another criticism of devolution to the regions is that "sheer physical remoteness from their regional capital might put a severe limit on effective representation of local communities in outlying areas".

In addition, now that Britain is a member of the EEC, the paper suggests that another tier of government in the form of regional authorities in England might make England "absurdly over-governed, with five tiers of administration: Brussels, Whitehall, region, county and district".

The paper, *Devolution and regional government in England*, says that if the Labour Party comes down in favour of regional government, there is no prospect of legislation providing for it during the present Parliament.

Government withdraw opera house grant

From Ronald Faux

The Government has withdrawn further financial support for the £20m Edinburgh Opera House project because of the economic situation. The decision was disclosed yesterday shortly before the Edinburgh District Council was to meet to discuss the future of the 15-year-old scheme.

The news was given by a telephone call to an official on the council about four hours before the meeting was to start, was criticized as "discourteous" by Mr John Miller, Lord Provost of Edinburgh.

Mr Miller said he was "astonished and dumbfounded" when the chief executive of the council appeared in his room to say there had been a telephone call from an officer in the Scottish Education Department saying that while the Government was prepared to honour its grant towards expenditure to date, it was not prepared to give any further commitment.

The council debate was postponed. A statement from the Scottish Education Department said the telephone call had been made to give the council as much warning as possible. The Government was prepared to pay half the costs incurred in the theatre project to the completion of the "scheme design stage", which it had now reached. No further grant would be payable at present. The decision had been taken because of the economic situation.

Mr Peter Diamond, artistic director of the Edinburgh International Festival, described the decision as an absolute disaster for Edinburgh, for the Edinburgh Festival.

It seems unlikely that the council will press ahead with the project without the grant.

Defence of scholarship

A. E. Housman's inaugural lecture at London University in 1932 has been described as perhaps the best defence of scholarship ever written. An extract is published this week in *The Times Higher Education Supplement*. There are also discussions of biosocial anthropology and the new mathematical concept of catastrophe.

New warning of confrontation with doctors over plan to end pay beds

By Our Medical Reporter

Seven royal colleges and three faculties of medicine, whose main purpose is to safeguard the best of medical standards, have joined in the medical profession's condemnation of the Government's proposals to separate private medicine from the National Health Service.

The document containing the considered views of doctors and organizations concerned with private medical care, says that the proposals are "unsound and undesirable and would result in profound damage to the community, the NHS and the professions".

There are, I understand, no plans for talks with doctors' representatives. The consultative document in which the proposals are contained is regarded by the Government not as a green paper for general consideration, but as a document of intent.

The conclusion of the profession's document is that it is a last attempt to proceed to reasoned argument to convince the Government that its intentions are wrong. The professions and the medical associations concerned are willing, it says, to enter into discussions only if there are no pre-conditions.

It contends that the content and manner in which the issues have been presented by the Government are calculated to lead to confrontation with the medical and dental professions. The Government's attitude on matters of important principle seemed to be inflexible.

The document concludes by urging the Government not to press the matter to further consideration. In the view of the profession, the proposals constituted a breach of faith with the public and the profession. It was a step towards the ultimate

dispossession of doctors' freedom of choice and thereby of the public.

The existence of a private sector served to keep in the health service some of the best qualified and most skilled specialists who found the greatest fulfilment in a mixed practice. The freedom to choose a part-time appointment was a potent factor in NHS recruitment.

The document says that long waiting lists for hospital admission are the result of chronic under-financing of the NHS and will not be reduced by the abolition of pay beds.

The dangers of separation were that consultants would leave the NHS because they preferred to concentrate on private practice; the loss of £40m in income from pay beds; waste of travelling time by doctors; less availability in emergencies if doctors worked in two locations; and damage to morale.

Criminals traced by glove prints

By Clive Borrell

Scotland Yard detectives have perfected a method of detecting and identifying prints left by criminals wearing gloves at the scene of a crime.

Their technique has proved almost as successful and reliable as fingerprints, according to Commander Gerald Lambourne, head of the 330-strong Scotland Yard.

It was Commander Lambourne who joined the police in 1947, who first hit on the idea after a young detective told him, "sorry there are no clues, the man was wearing gloves" when he investigated a crime.

He started thinking that even gloved criminals must leave some prints. Commander Lambourne contacted glove-makers in Britain and abroad. Back street shops and some of the most famous suppliers of gloves were visited over a period of nearly 17 years.

He called on every firm in the glove business, factories that stamp out rubber gloves, and those that supply industrial users, drivers and golfers, among others. Even farms which supplied hides for the trade co-operated with Commander Lambourne and his team of detectives.

Eventually it emerged that no two gloves were ever capable of leaving exactly the same imprint. The research that followed, much of it carried out in his off-duty time, was as

painstaking as any. Yard men have undertaken.

Much of what the commandant discovered remains secret. "I do not want to give all our secrets away to the criminals", he said.

What can be said is reproduced in the current issue of the *Police Journal* under the heading "Exclusive".

In a 27-page report Commander Lambourne says: "From the constant handling of objects such as door knobs, banisters, shop doors, rails on buses on which people shove and push, large quantities of perspiration, a glove soon becomes impregnated with grease and dirt."

Even during the putting on and the removal of a glove, a layer of perspiration is placed on the glove. Consequently, when a glove comes into contact with a smooth, hard surface, a layer of this grease is sometimes deposited in much the same way as an unprinted finger will leave a fingerprint.

"As with fingerprints, the grease deposit from the glove can be made visible by skilful application of a fingerprint search powder. The layer of grease left by the glove is, by its mere nature, not as strong and dense as a fingerprint, nevertheless, it is detectable and in certain cases can be as reliable as a fingerprint when it comes to identification."

"Each glove", the commandant claims, "can be individualised in many ways. The material it was made from; the way it was made; the stitching, hand-stitched, knitted, moulded; embossing; perforations; the contours and creases formed when worn constantly; the accidental damage caused by the wearer, in cuts, abrasions, and burns. Some of all the data can be revealed in a glove impression left at the scene of a crime."

Tests he has carried out show that in leather gloves there is no reason to doubt that the grain of the leather is as individual as the ridges on fingerprints are to man.

Rubber and plastic gloves, although often made from a mould frequently show traces of air bubbles, tears or some slight imperfections which make them different in some slight way. Even gloves made from the same material and under the same conditions, when examined under microscopic examination gives a unique pattern of fibres.

Commander Lambourne's discovery, probably one of the most important forensic breakthroughs the Yard has had for many years, has proved a boon to the police in investigating robberies and burglaries.

The fingerprint department, which can now also take clear prints of marks left in gloves found at the scene of a crime, has become one of the busiest at the Yard.

Surrey man denied Welsh job

From Trevor Fishlock

A controversy over the appointment of a man who cannot speak Welsh as senior officer in one of the social services departments of Gwynedd County Council, north Wales, ended yesterday with his resignation.

When his appointment was announced earlier this month, every member of the department signed a letter of protest, saying that the council had ignored its declared policy of language restoration.

The man appointed, a health service officer in Surrey, said in his application for the post that he was willing to learn Welsh.

Mr Dafydd Wigley, Plaid Cymru MP for Caernarfon, wrote to the council saying that since so many of the local people were more at home in Welsh than in English, a knowledge of Welsh should be a requirement of the job.

Army denies legal aid restriction

By David Leigh

The Army is restricting the right of soldiers, court-martialled for offences as serious as desertion, to get legal aid to pay for civilian lawyers. An allegation was made yesterday by *Peace News* that a classified circular exists telling commanding officers that requests for legal aid in certain cases should normally be refused "in the interests of justice".

Legal sources confirmed the existence of such a document. One said: "The circular says it is not in the interests of justice that a soldier should be granted legal aid at a district court martial. He should be represented by a regimental officer."

The Army said yesterday that no recent directive had been issued which changed existing practice in any way. Legal aid was available in serious and complex cases.

forwarded to the Army Legal Service. "There are simple cases where no questions of law are involved, where it is unlikely legal aid would be granted", the spokesman added.

"Every case is judged on its own merits. We always give the accused the benefit of the doubt." There was no question of restricting the availability of criminal legal aid, the rules for which were detailed in Queen's Regulations.

Mr Nigel Neville-Jones, a civilian lawyer who represented a soldier at a recent court-martial, said yesterday: "I think there is cause for concern over this question." He defended a soldier, Leslie Merry, who was charged with desertion.

The soldier, court-martialled at Bovingdon, Dorset, last week, had been assigned a defending officer, Mr Neville-Jones said.

The soldier had been told he had no defence, and the commanding officer had at first recommended the accused should not be granted legal aid. By the time of the hearing, there had been no decision from the director of the Army Legal

Service on whether to allow legal aid. But after submissions from the civilian lawyer at the hearing that there were defects in the evidence, the desertion charge was dropped. Mr Merry was sentenced to 56 days imprisonment, subject to confirmation, on a lesser charge of being absent without leave, to which he pleaded guilty.

Legal aid was ultimately granted for the case. The Army takes the view that in disciplinary matters, soldiers may be better off being defended by an officer from their own unit, rather than by outside lawyers.

The Army says soldiers have the right to choose their own defending officer. Pacifist groups concerned with soldiers' rights claim that in practice, soldiers charged with offences are rarely aware of this right.

Mr William Nash, legal officer of the National Council for Civil Liberties, said yesterday: "Given the level of sentences imposed by district court-martials, I think it is quite wrong there should not be an advocate to present a case."

Charity rule plan would exclude public schools

Continued from page 1

His committee had urged that the notion of a charity should be replaced by that of a non-profit distributing organization, but the House of Commons committee considered that would be too open to abuse and too difficult to supervise.

Mr Pollock welcomed the remainder of the report, however. The expenditure committee said many witnesses had expressed strong feelings about the present limitations on political activity as interpreted by the Charity Commissioners. The committee sympathized, saying it was almost impossible to pursue a charitable objective without becoming politically involved when the Government was concerned in all spheres of human activity. It could not see why lobbying of MPs was allowed, but the drafting of a Bill was not.

The committee also recommends that the hands of local authorities should be strengthened in their efforts to combine or close charities as part of schemes of rationalization. The present powers, allowing them to produce rationalization schemes but not giving them the power to enforce their decisions, are inadequate, the committee says.

The committee questions whether it is right that charitable status should be available to certain fringe religious groups which appear to engage in something akin to brainwashing of their adherents. It suggests that the Charity Commissioners should have a task force which would be empowered to investigate the affairs of charitable trusts under suspicion. The force could also speed the process of amalgamating small or obsolete charities. It would be financed by a small annual registration fee to be paid by all charities.

The report says that the present accountability of the Charity Commissioners is inadequate and the Home Secretary should be willing to answer MPs' questions in the House of Commons about their work. The Home Secretary should also have the power to make minor

amendments to the law by orders and statutory instruments. The Charity Commissioners' own procedures are too slow, the committee considers and it suggests that a computer could be used with advantage to store information about the 15,000 registered charitable bodies and their accounts.

New charities should be admitted to the register for a probationary period of five years and at the end of that time they should be obliged to show what they had achieved. The report of the Expenditure Committee, *Charity: Commissioners and their Accountability* (House of Commons Paper 95-1, Stationery Office, 60p).

Our Education Correspondent writes: Lord Selkirk, chairman of the Independent Schools' Joint Committee, said yesterday: "It would be a distinct step backwards for education in this country if the report were to call into question the ability of individual schools, colleges, and trusts to continue their work."

Members of the Headmasters' Conference meeting in Manchester, said that schools such as Eton and Winchester, which had the biggest endowments, would be worst affected.

Schools would lose half their rate relief and find that they could not get tax relief for their appeal funds.

Mr Michael McCrum, Head Master at Eton, said: "They would have a terrible time trying to legislate what the benefit to the whole community involves."

Mr Frank Fisher, of Wellington, said: "There must be thousands of educational charities which are not schools and which do not serve the whole community. What would the committee propose to do about these?"

Came from industry: Manchester Grammar School has received promises of support from industry to enable it to continue to educate some poor children if the direct grant is withdrawn by the Government in September, next year.

Leading article, page 17

Labour executive plans statement on jobs policy

From Michael Hatfield

Political Staff
Blackpool

The Labour Party's national executive committee plans to present a statement on unemployment to the annual conference which is being held next week. The committee is meeting here today when the Government's measures to mitigate unemployment are certain to be discussed.

The left-wing on the national executive is virtually certain to express its dissatisfaction that the measures announced by the Government do not go far enough. Demands for selective import controls are expected to be raised.

Proposals for import controls were included in a party draft statement which went before the national executive last month.

Three on Scots explosives charge

Raymond Lester, aged 17, an apprentice electrician, of Gooseholm, Crescent, Dumbarton, and a schoolboy aged 15 appeared on an explosives charge in rivate before Sheriff Marcus Stone at Dumbarton Sheriff Court yesterday.

They were charged with causing an explosion on the railway line near Dumbarton East station on September 15 by using explosive substances likely to endanger life or cause serious injury to property. Both were remanded in custody for eight days.

Robert Malar, aged 18, of Eriskar Avenue, Scotstounhill, Glasgow, was remanded in custody at Glasgow Sheriff Court. He was charged with conspiring with Lester to set down an explosive substance at the door of the Bank of England in St Vincent Place, Glasgow.

Weather forecast and recordings

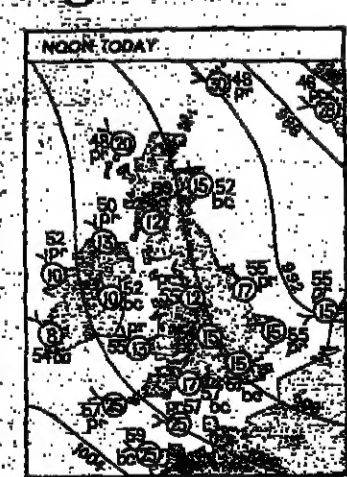


NOON TODAY Forecast is shown in millions. **WIND** - Calm, **Clouds** - 0-100% (0-100% of sky covered by clouds)

Today
Sun rises: 6.52 am
Moon sets: 6.51 pm
Moon rises: 1.4 pm
Sun sets: 9.39 pm

Last Quarter: September 28.
Lighting up: 7.21 pm to 6.24 am.
High water: London Bridge, 5.44 am, 6.8m (22.2ft); 5.39 pm, 6.7m (22.0ft).
Ayrmouth, 10.53 am, 11.6m (38.2ft); 11.10 pm, 11.2m (36.7ft).
Dover, 2.42 am, 6.1m (19.9ft); 2.59 pm, 6.2m (20.3ft).
Bull, 9.55 am, 6.2m (20.3ft); 10.13 pm, 6.5m (21.3ft).
Liverpool, 2.50 am, 8.4m (27.7ft); 3.5 pm, 8.3m (27.2ft).

Pressure is low to N and W of British Isles.
Area forecasts:
London, SE, central S, E, central N, NE England, East Anglia, Middle, Channel Islands: Sunny spells, showers developing, locally heavy; wind W to NW, light or moderate; max temp 15°C (59°F).
SW, NW, England, Wales, Lake



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SW, NW, England, Wales, Lake

At the resorts

24 hours to 6 pm, September 25

Area	Temp	Wind	Cloud	Rain
COAST	14°C (57°F)	11-17	0-100%	0-100%
London	14°C (57°F)	11-17	0-100%	0-100%
Manchester	14°C (57°F)	11-17	0-100%	0-100%
Birmingham	14°C (57°F)	11-17	0-100%	0-100%
Cardiff	14°C (57°F)	11-17	0-100%	0-100%
Edinburgh	14°C (57°F)	11-17	0-100%	0-100%
Glasgow	14°C (57°F)	11-17	0-100%	0-100%
Sheffield	14°C (57°F)	11-17	0-100%	0-100%
Nottingham	14°C (57°F)	11-17	0-100%	0-100%
Leeds	14°C (57°F)	11-17	0-100%	0-100%
Belfast	14°C (57°F)	11-17	0-100%	0-100%
Newcastle	14°C (57°F)	11-17	0-100%	0-100%
Southampton	14°C (57°F)	11-17	0-100%	0-100%
Bournemouth	14°C (57°F)	11-17	0-100%	0-100%
Exeter	14°C (57°F)	11-17	0-100%	0-100%
Reading	14°C (57°F)	11-17	0-100%	0-100%
Oxford	14°C (57°F)	11-17	0-100%	0-100%
Cambridge	14°C (57°F)	11-17	0-100%	0-100%
York	14°C (57°F)	11-17	0-100%	0-100%
Sheff	14°C (57°F)	11-17	0-100%	0-100%
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Nottingham	14°C (57°F)	11-17	0-100%	0-100%
Leeds	14°C (57°F)	11-17	0-100%	0-100%
Belfast	14°C (57°F)	11-17	0-100%	0-100%
Newcastle				

HOME NEWS

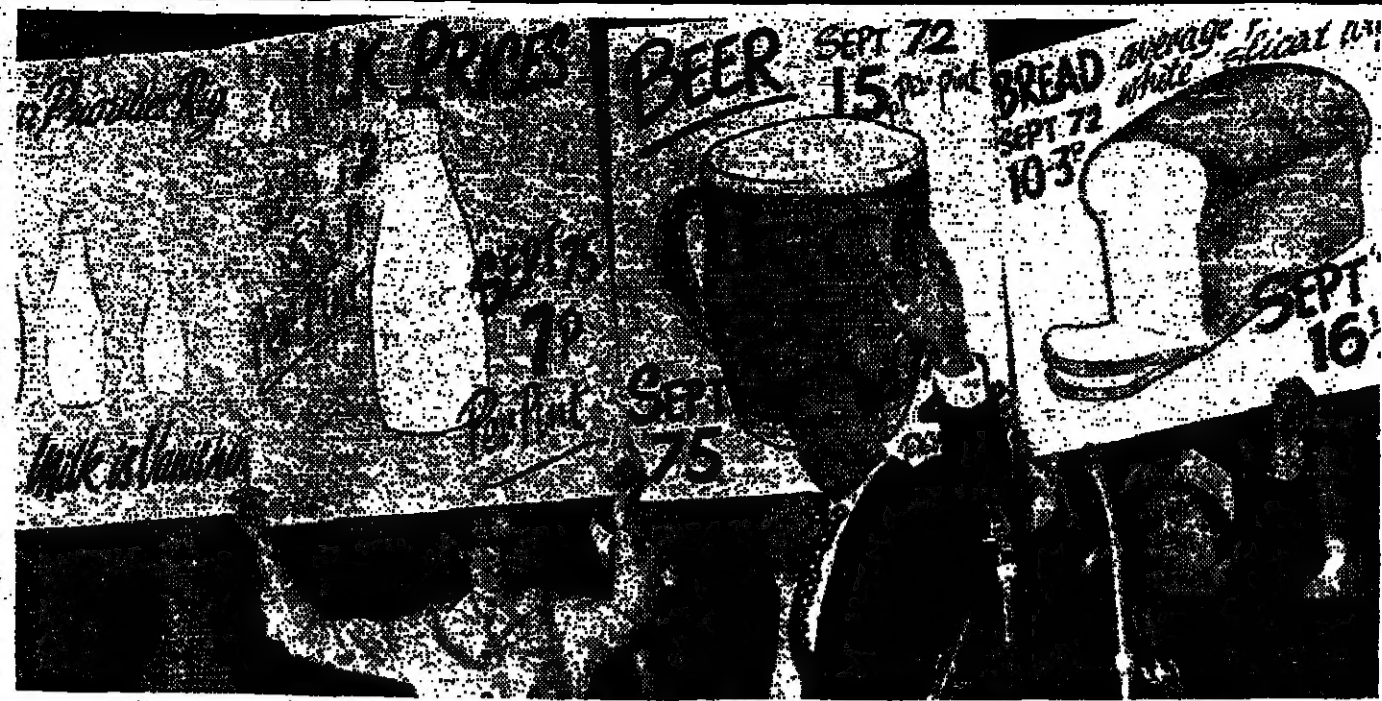
Unions back farmers' price rise campaign

High Clayton Rural Correspondent
Farmers brought their campaign for higher prices and with the rest of the EEC carefully-orchestrated rally yesterday with a rally at the Hall, Westminster. The of their leaders were once to concentrate the mind of the Minister of Agriculture, Fisheries and Food, and demonstrate to the farmers of farming unions that the campaign had not lost its

Henry Plumb, president of the National Farmers' Union, said in his message to the effect of the decline in agriculture of industries and conjoined from several in sup-

audience of more than thousand sat quietly in the hall. The National Federation of Farmers' Institutes, but he said when Sir Henry at he had a message from the National Union of Agricultural Allied Workers.

Henry had also secured the support of Mr James Pagan in Devon of the



Sir Henry Plumb, NFU president, salutes the farmers from a background of posters at yesterday's rally.

Transport and General Workers' Union, who said that expensive dairy equipment was standing idle in his country when it could be producing butter and cheese for export as well as home consumption.

Mr Fraser Evans, president of the National Farmers' Union of Scotland, chimed in with an attack on the Government for operating a "two little and one big" theme too damned often. Mr Will Robson, president of the Ulster Farmers' Union, said: "We see dairy farmers that should be going to the 'bull' going for slaughter instead."

The audience was quiet for much of the time except after references to members of the Cabinet, particularly to Mr

Pear, who was described by one Yorkshire farmer as "the villain, the culprit of the piece". MPs, some of whom were shouted down at a previous meeting in the hall, had stayed away.

There was some restiveness at the abrupt end of the organized timetable after a petition had been handed in to Downing Street before lunch. Some of those who travelled overnight to the rally had hoped to be able to demonstrate elsewhere in the afternoon.

But Sir Henry made it clear he thought the petition and the six demands with it were important, although he would not deliver the documents himself. "When I go to No 10 I

do not want to knock on the door and hand in a petition", he said. "I want to go through the door for a frank and detailed talk."

The demands, he said, were "reasonable and practicable". He wanted help for upland farmers, exchange rate parity with other EEC farmers and arrangements to ensure that the present differences in rates did not recur.

The unions also wanted the price of milk to be raised immediately "to a level that the farmers' unions will accept as at least enough to arrest the current decline in milk production". They also wanted pledges from the Government to hold more frequent price reviews while inflation remained high

and not to damage the structure and capacity of farming. He concluded: "The purpose of this meeting was not to abuse the Government or to slam at harassed ministers. Our purpose was to focus the attention of the nation as a whole on the inescapable and natural consequences of the present short-sighted policies."

The Tied Cottages: An extensive system of licensing farm cottages should be implemented, as an alternative to sweeping proposals by the Government to abolish tied housing on farms, a report said (a Staff Reporter writes). The Tied Cottages—An alternative to abolition (The Arthur Rank Centre, National Agricultural Centre, Stoneleigh, Kenilworth, Warwickshire).

Sinn Fein leader denies IRA will end ceasefire soon

From Christopher Walker

Shadow boxing between the Government and the Provisional republican movement over the discredited ceasefire continued yesterday without either side showing any inclination to move from their fundamental positions.

As accusations and counter-accusations passed between officials at Stormont Castle and Provisional spokesmen in Dublin, the most significant disclosure came from Mr Rory O'Brady, president of the Provisional Sinn Fein and one of the most influential voices of militant republicanism.

Interviewed on Irish Radio, Mr O'Brady appeared to dispel fears that the continuation of direct rule by Britain in the wake of a collapse of the Convention would lead to an immediate and automatic resumption of hostilities by the Provisional IRA. Such a resumption had always been assumed as probable by senior members of the British security forces.

Explaining the repeated demand from the Provisionals for a public declaration of intent to withdraw by the British, Mr O'Brady said: "People are always discussing an outright pull-out by the British. Mr Kees says that is not on. We have never asked for that and in the middle period, while working towards a British disengagement, there would of course have to be direct British rule."

Although much verbal abuse was exchanged during the day and there was another bomb attack, the uneasy ceasefire remained intact. Asked about

its future, Mr O'Brady replied: "The British have broken the truce with the level of harassment and intimidation, but that doesn't mean that the truce should be thrown away at this particular stage."

The Provisional IRA's ruling army council issued a statement yesterday claiming that the British had entered into a bilateral truce and that its terms had been broken by recent acts of intimidation and torture carried out by the Army and the RUC.

The statement concluded: "The Provisional IRA has taken action against these violations of the said truce in the past, and reiterates that military action will be taken against each and every violation in the future. All active service units have been instructed accordingly."

Less than two hours after the statement was released, the war of words continued when the Northern Ireland Office issued a stern denial. A response from Stormont Castle said that the allegations of harassment and torture were "not only false but fabricated deliberately to mislead people who live in areas where the IRA seeks sympathy and support."

The allegations that a deal had been entered into were again denied by the Government, which said suggestions that a truce had been violated were made by the IRA only to justify murder, bombs and intimidation.

During the afternoon, another bomb exploded, this time wrecking a bank and a confectionery shop and causing widespread damage in the centre of Lurgan.

Once again the attack was believed to have been the work of the Provisional IRA, bringing the number of explosions they have caused in Ulster this week to 25.

The bombs have caused bitter resentment among Protestants, and yesterday Mr Glen Barr, chairman of the Lowest Central Coordinating Committee, gave a warning that their own ceasefire with the security forces was dangerously close to breakdown. Speaking after a six-hour meeting of the committee, the powerful umbrella group covering the armed paramilitary groups, Mr Barr said that a decision to terminate the ceasefire had been narrowly averted.

As has happened so often over the past four months, the business of the constitutional Convention has been overshadowed by the latest outbreak of violence, but it now appears certain that the Government will grant the three-month extension allowed for.

Yesterday, the business committee agreed a formula for the final debates which, for administrative reasons, seem likely to carry proceedings beyond the deadline of midnight on November 7. In addition, the Government is understood to regard it as wise politically to allow the politicians an extended period for their deliberations. During the extra three months, the parties will be asked to reconsider their attitudes in the hope that after the presentation of their original report they might find it easier to escape the rigid guidelines set down in their election manifestos.

Former RAF pilot 'sought best to escape Russians'

John Chartres

During his evidence on the fourth day of his trial in Alastair Duncan Steadman, former flight lieutenant, told the jury he wanted police to arrest him and him in custody so that he could be safe from threats to him and his family which, he said, were made by a consular official to him sell secrets.

Steadman, aged 34, a bomber captain before his defection from the RAF, said he was charged with selling secrets to the Soviet Union committing preparatory

has said he told lies to police in North Wales and he was instructed to by the Russians if questioned about a visit he made to a Soviet consulate in London in 1957.

Steadman, who was yesterday by Mr Justice Goff, his counsel, had not just refused to anything to the police, but that they probably do nothing unless he admissions, he replied: "I thought I could have a free man, but possibly I would have been dead."

Road start to immunity scheme

Staff Reporter

Seventeen of the 56 police areas in England have started community schemes for probation officers, a report published by the National Association of Probation Officers says. This year the Home Office announced that from all areas could introduce the scheme, and the ways that more areas can do so in December.

It is the plan is one of large-scale expansion there is a lack of resources; that could be met by diverting resources from the prison system to a new community service. It left after a short time of the shortage of

Death of oil divers leads to prosecution

By a Staff Reporter

The first prosecution in connection with diving deaths in the North Sea oil operation is to be brought by the Health and Safety Executive after the death of two men at Scapa Flow in July.

Walton Mole Co (Great Britain) Ltd, of Middlesbrough, will be prosecuted at Kirkwall Sheriff Court, Orkney Islands, on September 30 under the Health and Safety at Work Act, 1974.

Mr Peter James Walsh, aged 25, of Burnley, Lancashire, employed by G. Marine of Bournemouth and Mr Peter Carson, aged 20, of Bearsden, Glasgow, employed by Underwater Security Ltd, based in London, died on July 6.

They were working on a pipeline 120ft down, off the island of Plosta.

Pork, pork and fresh fish cost more

Will soon cost more of increases of about 10p on home-produced pork sides yesterday. All vary between shops unlikely to exceed 5p on the most expensive. Pork will also cost more in some shops.

Sea prices have been cut by the campaign by and butchers to increase on in the next two weeks. The reductions range from 10p on rump and 10p on 2p or 3p on roast-tenderloin cuts. Most lamb legs, apart from the one, are a few cuts from New

varieties of fresh fish tend to cost more so that they may be up to about 10p more. Salmon is readily available from 10p a pound for Canadian and slightly less for the 10p a pound. The experiment in pricing will begin next week in 10 to inform the price is that confuse shoppers owners of broiler flocks. Although prices are now about 25p to 32p for frozen birds and 35p to 40p for frozen broilers, there is a chance that these prices will be cut.

ch Lovell group is to of legs and other portions advance under the 10p a pound. Suggested as include 25p for an 8 quarter and 20p for 1 bag of about 10 drams.

Food prices

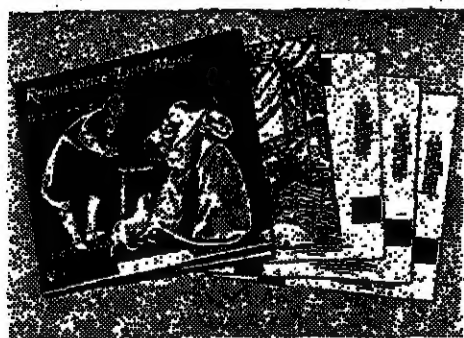
Hugh Clayton

The trouble with chickens is that shoppers want some parts of the bird more than others. As Mr Clement Keen, chairman of Farmers Table, said: "What we need to do is to breed a chicken with 24 legs."

The first winter vegetables are now reaching the shops, although both sweeter and Brussels sprouts are best left alone now until they become cheaper. The latter, especially, tend to be ragged when they come on to the market. Celery will soon cost more, especially tomatoes which are rising by about 3p a pound to a minimum of 15p. Celery will soon be slightly cheaper. A few greenhouses have ended at 20p a head or more.

Apples and pears are well worth buying now that the last of the soft and exotic summer fruits have passed. There are also plenty of yellow melons from Spain at about 14p each for the smallest and 32p for the largest.

"Which major chemical company records 16th-century music and 20th-century statistics?"



BASF is fast establishing itself as a leading recording company in the UK. It has already earned a reputation for the high artistic and technical standard of its classic and jazz productions and is now making a similar impact on the pop scene. Altogether the BASF catalogue comprises about 1800 albums and 500 singles and includes such great names as Oscar Peterson, Ella Fitzgerald, the Collegium Aureum, Rudolf Kempe and Freddy Breck.

The record album above is of Renaissance Lute Music and is on the Harmonia Mundi label.



From records of 16th Century music to records of 20th century statistics like this latest computer installation involving BASF equipment. It's the Computer Centre of The British Mail Order Corporation Ltd in Manchester. The computers incorporate both BASF tape and disc drive storage facilities. The drives are, in fact, capable of storing 5000 million bytes of information with a transfer rate of only a few milliseconds. With such a big job to do it's as well that BASF equipment is subject to 100% quality checks.

Two kinds of disc are made by BASF. Both store information and reproduce it with utter fidelity. One serves as memory — core to computers: it is becoming smaller, lighter, quicker to store and retrieve.

The other — if it is one of the famous Harmonia Mundi series — records medieval music played as it was meant to be played, with the original instruments, often in the original surroundings.

Nothing that BASF does is half-hearted. Our tapes, our dyestuffs, polymers, resins... the materials of modern living — are the best of their kind.

There is a brochure that tells you all about BASF. Write for your copy to the people concerned. BASF United Kingdom Ltd, P.O. Box 4, Earl Rd., Cheadle Hulme, Cheadle, Cheshire SK8 6QG.

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86 Strand, London WC2R 0EQ.
SHELTER Scotland, 6 Castle Street, Edinburgh EH2 3AH.

HOME NEWS

Tuition fees for Open University to rise by 60 pc

By Frances Gibb of The Times Higher Education Supplement

The Open University is to increase its tuition fees by 60 per cent from next January. The decision comes after an announcement last week by the Department of Education and Science that the OU's grant for 1976 would be worked out on the assumption that fees were raised from their present level.

The cost of a full-length Open University course will rise from £25 to £40. To complete an ordinary degree from scratch, students will have to pay an extra £90, as six full-length courses are the minimum requirement for matriculation. A full honours course will cost students an extra £120. Fees for a half course will rise by 33 per cent to £20.

The Government has agreed, however, to increase the OU's hardship fund from £7,000 to £50,000. The fund is used to help students who have difficulty in paying their fees.

In a letter to the OU's 50,000 students sent out today, Professor Ralph Smith, acting vice-chancellor, said: "The university council has reluctantly decided it has no option but to increase course tuition fees."

But the OU would continue to press for fees to be kept as low as possible, he said. The decision, after six months of discussion, was forebodingly late, when the Government gave the OU an extra £50,000, enabling it to take 6,000 more students. At the same time it asked the university to consider increasing its fees to keep them as a constant proportion of its income.

The Department of Education and Science said: "The increase is necessary to restore the purchasing power of the OU's grant for 1976, which was in fact determined in 1973." He agreed that OU students' fees were a higher proportion of the university's budget (8 per cent) than those of students at other universities (2 per cent), but added that most OU students were in full-time employment.

OU students already pay on average £532 for a degree course. The minimum they can pay for a complete degree course is £422 and the maximum could be as high as £1,000, according to their subject.

Other costs include the compulsory residential summer schools, travel to study centres throughout the year, set books and postage of assignments. Students do not qualify for mandatory grants, but most local authorities give some assistance with summer school fees.

A decision not to increase the fees would have necessitated a cut of £683,000 in the OU's budget for 1976. That would have prevented development of new courses and caused severe reductions in services to students, an official said.

Rhodesian student influx is challenge to Government

By Martin Huckerby

The sudden influx into Britain of hundreds of black Rhodesian students without grants is a deliberate attempt by Mr. Smith's Government to force the Government to fulfil what they regard as its promise to educate black Rhodesians, it was made clear yesterday.

The National Union of Zimbabwe Students (NUZS), at a press conference in London, said about 1,500 students had arrived in Britain, with more arriving all the time, although government scholarships had been provided for only 200. Mr. Herbert Musikavanhu, of the United Kingdom branch of NUZS, said: "It is an organized response. We make no bones about it."

Mr. Musikavanhu said the union was advising students in Rhodesia to come to Britain in an attempt to force the Government to increase the number of grants. Students were told to come to Britain only if they had places at universities, polytechnics or technical colleges.

It was necessary to have Zimbabweans trained so they would be able to run their own country when they achieved independence. Such training was not available under the regime of Mr. Ian Smith.

Mr. Musikavanhu suggested there were 60,000 students in Rhodesia who were qualified for further education but could not obtain it in their own country. It was the ultimate aim of NUZS to get further education for them all. It was the responsibility of the British Government.

He recognized that many of the students now in Britain had difficulties, but added: "It is a necessary sacrifice for themselves and for their country. Others are giving their lives for their country."

Mr. Musikavanhu said that the Rhodesian Government had been told that only 200 scholarships would be provided in Britain, plus 70 for study in Rhodesia and 70 for study at other Commonwealth universities.

One of the students who has arrived without a grant, Mr. Cecil Savanu, aged 26, said he had come with a group of 12 students earlier this week. He has a place at the Polytechnic of Central London to study for a BA in social science.

At present friends have been providing accommodation and help with living expenses. He said his £311 fare from Rhodesia had been provided by his family and friends.

Other students said that although they had been allowed to enter Britain, they had been unable to take up places and grants for study at universities in other European countries. They were refused entry by the governments concerned because of the limited travel documents issued in Rhodesia.

NUZS is an overall organization for Zimbabwe students, unconnected with any particular political party, although it cooperates closely with the African National Council, its official armed struggle. NUZS said that the Rhodesian Government had promised £50m over 10 years for the education of black Rhodesians and had, at the Commonwealth

Prime Ministers Conference in Jamaica this summer, agreed to spend £2.5m this year. But the Government yesterday maintained that the figure agreed in Jamaica was only £1m. The £50m was part of the 1971 proposals for a constitutional settlement in Rhodesia.

The Ministry of Overseas Development said yesterday that if the students had wanted grants, they should have arranged them in Rhodesia. It was already spending just over £1m on grants sent last year for Rhodesian African students in the current year, an amount far below the £2.5m agreed in Jamaica. There was no sign that the Government was going to accede to the students' demands. "It is their problem," the Ministry of Overseas Development concluded.

Little help for 'battered wives'

By John Roper Medical Reporter

Social workers either fail to see or to act swiftly in cases of wife-battering because it goes against their training, a London conference organized by the Royal Society of Health workers said yesterday.

Miss Elizabeth Wilson, lecturer in social work at North London Polytechnic, said that social workers were trained to believe in the importance of the family, particularly for the children, and to work to preserve it. Secondly, family breakdown means expense for the state and they also had a role as guardians of resources. They had been reluctant to admit the existence of the "new" problem of wife battering.

In the worsening economic conditions of the past five years, marital and family tensions had increased. Housing managers and social workers agreed that women were no longer prepared to tolerate repeated assaults by their husbands, to the extent they once were. They were making more demands on social workers at a time of crisis and cutbacks, which was another reason why social workers had tried to ward off the problem.

Another speaker at the conference, Dr. J. J. Gayford, consultant psychiatrist, Watlington Park hospital, said that general practitioners rarely made a true diagnosis of wife-battering. Wives frequently went to their family doctor but one survey showed that seven out of ten were prescribed anti-depressants or tranquilizers, presumably because they were depressed or distressed, or because of social stigma, or because of fear. Wives were made by four out of ten. Even if diagnosis

was made, there were no recognized channels for referral. The women appeared to be quite capable of looking after themselves. The problem was where to go. Dr. A. R. Dewsbury, a general practitioner, said that the incidence of battered wives in his group practice, which covered a modestly prosperous middle-class suburb in the Midlands, was 1.5 per 1,000. The husband's aggression appeared to come from the effect of male hormones on the infant brain, reinforced by the sex hormones at adolescence.

Both men and women experienced unsuitable upbringing, often with excess of discipline and other factors, and both could be aggressive but in different ways. The man was often more punitive and, in basic English, brutal.

Night club music ban to keep out black youths

From Ronald Kershaw Leeds

A disc jockey was dismissed and others were instructed not to play soul and reggae music in an effort to discourage black youths from using Sheffield night clubs, according to the report of the Yorkshire and North-east Conciliation Committee of the Race Relations Board, published at Leeds yesterday.

The report, presented by Lord Boyle of Handsworth, committee chairman, said complaints and information received suggested that there was widespread discrimination against certain age groups in parts of the region. Most victims did not complain to the committee, partly because of a lack of confidence in the effectiveness of present legislation.

In Sheffield four complaints against places of public entertainment were referred to the board. It was known that the clubs which were not private, were developing deliberate policies to restrict numbers.

One play was to dissuade disc jockeys from playing music which would attract mainly black youths. Another was to refuse admission to black teenagers, the grounds being that they had been previous trouble-makers.

Lord Boyle said that in 1974-1975 the committee received 113 cases, compared with 90 the previous year, and 54 in 1972-1973. That did not point to an increase in discrimination, but rather to the work of conciliators producing more complaints and the work of the board becoming more widely known.

The report said there was strong evidence that black students had greater difficulties in obtaining reasonable accommodation at a reasonable cost, particularly in the Tyne-Tees area.

It concluded that in spite of the increase in the number of cases registered, the surface was being barely scratched.

North-west should cast wider tourist net

By Cyril Bainbridge

The North-west has long had a reputation for the warmth of its welcome to visitors and holidaymakers, who, excluding any winter months, number 10 million a year. But researchers calculate that four fifths of its seaside holidaymakers live within the region or adjoining regions and that there is urgent need to sound its praises further afield.

They have carried out a detailed study, one of the results of which will be a vigorous promotional campaign at home and overseas. The North-west Tourist Board is to revise its marketing strategy and "sell" its products in proper locations for a chosen tourist activity.

The study, which is published today, was sponsored by the English Tourist Board on behalf of the North-west board.

Fifty thousand people are directly employed in the region's tourist industry and five times more get part of their livelihood from it. As a tourist region its future is threatened by competition from southern resorts with their better weather, faster pace, improved roads, and from Mediterranean package holidays, although the new transport facilities present a short-term opportunity to the region's tourist industry to strengthen its long-term position.

The study, which is published today, was sponsored by the English Tourist Board on behalf of the North-west board.

Foreign package tours of Britain, the board will support plans to expand Manchester Airport as an international gateway.

The case for a large conference centre in the region will be promoted, and encouragement will be given to short holidays and weekend package holidays for "weekend warriors".

More facilities for sailing, better guest houses, more self-catering, better traffic management, and additional car parking are among other recommendations.

For inland holidays, suggestions include high-quality accommodation and caravan sites, rural boat holidays, and specialist holidays for those interested in botany, the Cheshire canal ring, Crewe and the railway museums, and industrial archaeology.

BR postpones closure of Brunel station

By a Staff Reporter

British Rail, Western Region, announced yesterday that the closure of Stonehouse station in Gloucestershire, originally set for October 6, had been postponed.

The Victorian building in the work of Brunel and subject to a preservation order, Western Region has postponed the closure while it applies for consent to demolish.

In 1973 but an agreement was reached for Stonehouse parish council to pay £13,000 towards modernisation and maintenance of services.

Both Warehouses open

SUNDAY 28th SEPT. 9 a.m. - 2 p.m.
LONDON: 1st Warehouse (at Strand) 1st, 2nd, 3rd, 4th, 5th, 6th, 7th, 8th, 9th, 10th, 11th, 12th, 13th, 14th, 15th, 16th, 17th, 18th, 19th, 20th, 21st, 22nd, 23rd, 24th, 25th, 26th, 27th, 28th, 29th, 30th, 31st.

Conservative choice

Mr. Andrew Hunter, aged 32, an assistant manager at Harvey's, has been selected as prospective parliamentary Conservative candidate for Southampton Itchen. The seat is held by Mr. Richard Mitchell (Lab.) with a majority of 7,795.

Death crash bus driver is cleared

The driver of a double-deck bus carrying 70 passengers failed to see two signs warning of a low bridge, a jury at Leeds Crown Court said yesterday. When the vehicle hit the bridge its roof was torn off. Thirty-six passengers were injured; one died three days later.

The driver of the bus, Michael Leonard East, aged 26, of Hull, was found not guilty of causing the death of Robert Savage, aged 16, by dangerous driving on February 10. He was discharged.

Mr. Gerald Cole, for the prosecution, said Mr. East was taking members of a Hull youth club to Bradford and lost his way in Leeds. He drove along Sweet Street West, which had two illuminated signs warning of a 12 ft. 6 in. bridge. On the bridge were black and yellow chevron marks.

Mr. East said in a statement: "The weather at this time was poor due to rain. Visibility was poor and I was driving on dipped headlights. I lost control. The height of my bus was about 13 ft. 6 in. While driving my bus, at no time did I see a height restriction sign prior to the bridge. Prior to the accident, my speed would be about 30 mph."

Mr. East said he had been a bus driver with Hull Corporation in March, 1971. He agreed that he had raised the two bridge warning signs but could not explain how. He had not driven a bus in the Leeds area before the night of the crash.

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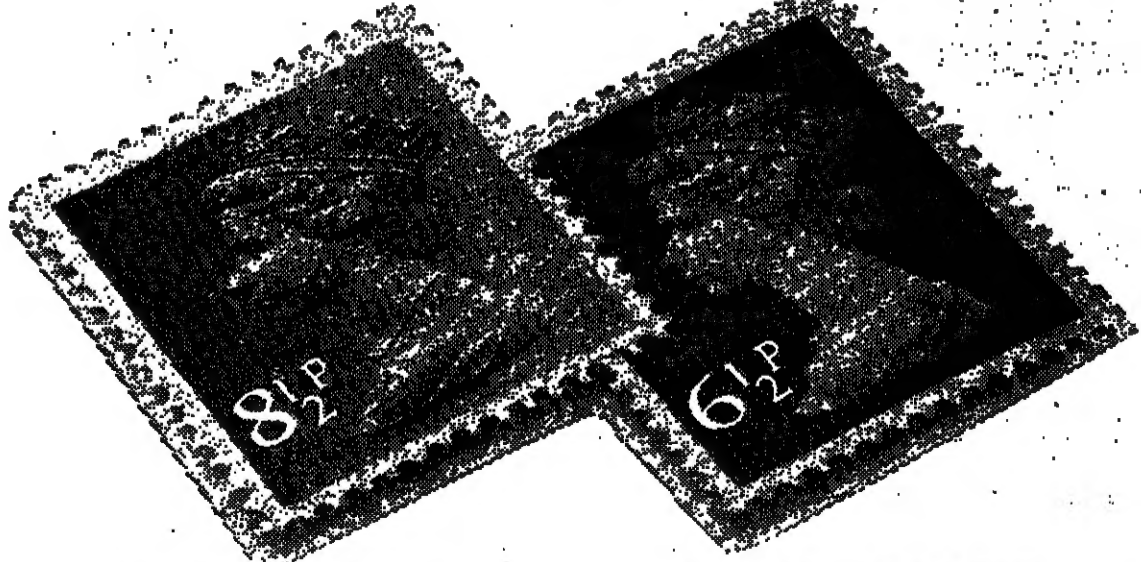
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New postal rates from 29 Sept



1st Class letters up to 60 grams (2.1oz) 2nd Class letters up to 60 grams (2.1oz)

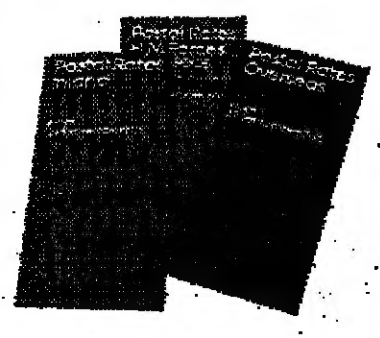
Rising costs and the requirement to reduce losses have made increases in postal rates an unhappy necessity. The price changes are spread over inland, Overseas and H.M. Forces mail, other postal services and also Postal and Money Orders.

To avoid confusion from two changes on different dates, metrication, announced a year ago, and new rates will both take effect on the same day—29 September.

Most senders of ordinary letters and cards will be unaffected by the change from familiar ounces to grams.

Inland letters			Inland parcels		
Not over	First Class	Second Class	Not over	Ordinary Parcels	Local Parcels*
60g (2.1oz)	8½p	6½p	1kg (2.2lb)	48p	39p
100g (3.5oz)	11½p	9p	2kg (4.4lb)	62p	53p
150g (5.3oz)	15p	11p	3kg (6.6lb)	75p	66p
200g (7.1oz)	18p	13½p	4kg (8.8lb)	87p	78p
250g (8.8oz)	21p	16p	5kg (11.0lb)	98p	89p
300g (10.6oz)	24p	18½p	6kg (13.2lb)	108p	99p
350g (12.3oz)	27p	21p	7kg (15.4lb)	118p	109p
400g (14.1oz)	30p	23½p	8kg (17.6lb)	126p	116p
450g (15.9oz)	33p	26p	9kg (19.8lb)	134p	124p
500g (17.6lb)	36p	28½p	10kg (22.0lb)	142p	132p
750g (2.7lb)	51p	42p max.			
1000g (2.2lb)	66p				
each extra 250g (8.8oz)	15p				

*Parcels posted and delivered in same post town.



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HOME NEWS

Practice of remanding children to adult prisons must stop, Commons committee demands

By Pat Healy

Social Services Correspondent

An immediate end to the practice of remanding children accused of offences to adult prisons was demanded yesterday by a Commons committee. Alternative arrangements must be made at once by government and local authorities, Mrs Renée Short, Labour MP for Wolverhampton, North-East, and chairman of the committee, said.

"We are not talking about something happening in five years' time", Mrs Short said. "It must be done now. Public opinion is outraged because youngsters of 14 and 15 can be put in adult prisons. It is up to the Government and local authorities to get their heads together and the resources must be made available now."

The call was made in the report of the expenditure sub-committee on the working of the Children and Young Persons Act, 1969. The report says that increasing numbers of young people are being held in prisons and remand centres because of the use of certificates of unruliness issued when local authorities felt a young person on remand was too unmanageable to be kept in a community home.

"Over 3,000 such certificates are issued annually", the report says. "A particularly worrying feature is that some 40 per cent of those remanded to prisons subsequently receive non-custodial sentences."

"We condemn in the strong-

est possible terms the use of certificates of unruliness as a means of achieving secure accommodation. We recommend that the practice of remanding young persons to adult prisons should cease forthwith; alternative arrangements must be made."

The committee also recommends that more educational resources should be given to remand centres because in some children of school age are receiving only two hours' education a day. The report shows that although the committee does not think some of the criticisms of the Act are justified, it has gone a considerable way to meeting the objections of magistrates and police.

"The extent to which a particular child may commit offences which go seriously beyond sheer mischief depends on social deprivation (bad housing, poverty, poor schooling, broken families) more than any other factor", the report adds.

The major failing of the 1969 Act is that it is not wholly effective in differentiating between children who need care... and the small minority who need strict control and an element of punishment. We strongly recommend, within the framework of the Act, a major shift of emphasis away from custodial and punitive techniques and towards intermediate schemes, supervision and a much greater use of non-residential care, especially fostering."

The committee finds that

many residential facilities are underused, partly because of difficulties in recruiting enough staff, and partly because heads of community homes could refuse to take particular children. It recommends that heads of community homes in each area should accept responsibility for children needing a place and that they should decide among themselves which home should take a particular child.

For children in trouble, the report recommends changes in practice and the powers of the courts. Supervision orders should have conditions attached so that, for example, non-payment of a fine could result in a child being sent to a detention centre.

Magistrates should be able to make a "secure care order" to ensure that a child is removed from home if he reappears in court while still under a care order. Detention centre orders should be issued for from two days to three weeks, in addition to the present sentences of three or six months.

The report also recommends the establishment of liaison committees representing magistrates, teachers, social workers and probation officers to discuss the progress of individual children in care or under supervision.

Eleventh Report from the Expenditure Committee Session 1974-75 (The Children and Young Persons Act, 1969. Stationery Office, Volume 1 (Report), 75p; Volume 2 (Minutes of Evidence and Appendices), 57.70p.)

Big rise in cost of car licence centre

By Our Political Staff

The lack of planning and the failure to prepare reliable estimates on the introduction of the computer system for the issue of driving licences from the new centre in Swansea was criticized yesterday by the House of Commons Public Accounts Committee, of which Mr Edward du Cann, Conservative MP for Taunton, is chairman.

In particular, the committee was critical of the costing of the new scheme. In 1968 it was estimated that in the 12 years to 1980 the transfer of licensing from local taxation offices to the computer centre would be £146m. A revised estimate in July, 1974, when staff requirements had risen from 5,400 to 7,000, showed the cost over 14 years, to 1982, would be £233.5m.

The latest estimate is about £350m at 1974 prices, about two-thirds of which is staff costs. Staff required is expected to increase by nearly half over the 1968 estimate.

The select committee states that the attempt to meet tight deadlines had led to less efficient computer processes being used, and experience of "fire running" of driver licensing on the computer had shown that considerably more effort than had been expected was needed to deal individually with the small percentage of difficult cases, about 600 a day.



The reverse of the Waterloo Medal, one of 1,200 exhibits in a new gallery at the British Museum devoted to coins and medals.

Alcoholism in boardrooms

A doctor said yesterday that alcoholism is seriously affecting some leading figures in industry.

"I know that in industry there are a lot of people who are inebriated for a large part of the day", Dr Terence Spratley, specialist in alcoholism at Maudsley Hospital, London, told a London conference organized by the National Council on Alcoholism.

"I know of one man who

always tape records interviews because he is usually so drunk that he can't remember them afterwards."

But colleagues often covered up for drinkers so the truth remained hidden.

Sir Bernard Braine, the council chairman, called for an investigation.

"I think that when the truth is finally revealed it will really shock a large number of people", he said.

WEST EUROPE

Nato chief accuses Russia of flouting Helsinki accord terms

Copenhagen, Sept 25.—Dr Joseph Luns, the Nato Secretary-General, today criticized the Soviet Union for failing to live up to its obligations under the document signed at the European Security Conference summit in Helsinki.

"The emphasis placed on international ideological struggle by the leaders of the Soviet Union has so far continued unabated, as have the restrictions on human rights in its own country", Dr Luns said in a speech prepared for delivery to the North Atlantic Assembly.

The document, signed by Mr Brezhnev, the Soviet leader, and by leaders of 34 other countries, calls for a free flow of information and people between East and West and a lifting of restrictions hindering the reunification of families.

Dr Luns said the alliance was disappointed that the Soviet Union had not acknowledged as a gesture of good faith Nato observers to some of them.

Dr Luns today said Nato has not received a single notification of exercises "even though there is no doubt that the Warsaw Pact nations will be holding their usual series of autumn manoeuvres".

Informants at the Brussels headquarters of Nato said earlier this week that the Soviet Union was already holding widespread military manoeuvres.—Reuters

holding the manoeuvres is not in keeping with the spirit of Helsinki, which is of course ludicrous", he added.

Under the provisions of the Helsinki document, signatory states are obliged to advise one another when manoeuvres involving more than 25,000 troops are to take place within 155 miles of another country.

States can volunteer information on smaller manoeuvres and invite observers from other countries to attend military exercises.

Nato has told the Soviet Union and its Warsaw Pact allies that the alliance's forces will hold manoeuvres this autumn and has invited Soviet observers to some of them.

Dr Luns today said Nato has not received a single notification of exercises "even though there is no doubt that the Warsaw Pact nations will be holding their usual series of autumn manoeuvres".

Informants at the Brussels headquarters of Nato said earlier this week that the Soviet Union was already holding widespread military manoeuvres.—Reuters

Leading article, page 17

New proposals to resolve Franco-Italian wine dispute

From David Cross

Luxembourg, Sept 25

The European Commission today announced a new series of measures designed to resolve the Franco-Italian wine war. They include concessions to the West Germans who are now the main stumbling block to a solution to the conflict.

Addressing a meeting of the European Parliament in Luxembourg, Mr Pierre Lardinois, the Commissioner for Agriculture, said he hoped the new package of measures would contribute to a final solution when the Community's member Governments meet again next week. It was vital for the Community that the shadow which has been cast over the Nine by the dispute should be removed.

The main concession to the West Germans is a suggestion that northern European wines exported to West Germany should continue to be taxed to protect similar West German products. Last week, the Commission suggested that these

compensatory payments be abolished to persuade the Germans to import more surplus wine.

Mr Lardinois also announced that a letter had been sent to the British Government urging it to reduce excise duties on table wine. Fiscal duties were five to seven times higher in countries like Britain, Denmark and Ireland than the amount received by the wine growers in the south of France or Italy.

He realized that taxes could not be reduced immediately, but he thought that other sources of revenue could be found by the Government's concerned to replace the loss of income from wine taxes.

The Commission was also appealing to the Italian Government to catch up on the backlog of payments to its wine growers for storage and turning cheap wine into industrial alcohol. Delays in payments from the Italian exchequer had contributed to the problems of Italian growers, he said.

Parliamentary report, page 14

EEC Commission digs in heels over regional fund

From Our Own Correspondent

Luxembourg, Sept 25

The European Commission will fight to ensure that money from the regional development fund flows as quickly as possible to depressed areas in spite of the austerity campaign being waged by member states—a Community expenditure.

Commenting on this week's decision by EEC ministers to trim regional aid by a third next year, Mr George Thomassen, the Commissioner for Regional Policy, said there was bound to be a battle ahead over spending from the fund.

Regardless of how member governments acted, they were committed by a decision of

heads of government to provide a full 1,300m units of account (about £540m) for the initial three-year period the fund is to run.

At a meeting of budgetary affairs Ministers in Brussels on Monday it was agreed that some £125m should be set aside for regional expenditure next year. This compared with a figure of about £190m suggested originally by the Commission.

Speaking during a debate on the workings of the "regional fund in the European Parliament here, Mr Thomassen said it was inevitable that money from the fund would be spent over a period significantly longer than the three years planned originally.

Bonn MPs forgo pay rise

From Our Own Correspondent

Bonn, Sept 25

Deputies in the Bundestag have decided unanimously to forgo a pay rise next year as an example to the nation. An all-party motion will be tabled soon.

Unanimous votes in favour of the freeze were recorded at separate caucus meetings of all three parliamentary parties this week.

A backbencher is paid the

equivalent of £17,236 a year and more often than not has a job outside the House as well as parliamentary remuneration is not regarded as a salary but as an allowance and is free of tax. He is expected to spend more than half of it on expenses, including office help and travel.

Senior and junior ministers will also forgo an increase in their higher allowances. The self-denial motion is to be tabled during the coming debate on government economy measures.

Herr Strauss told to pay ex-judge £900 in damages

Karlruhe, Sept 25

The Bavarian opposition leader, Herr Franz-Josef Strauss, was ordered to pay DM5,000 (£900) today in damages to a former federal court judge.

The court here also warned Herr Strauss that he faced six months' jail and a fine of up to DM500,000 if he repeated allegations, made in a Bonn magazine, that the judge, Herr Heinrich Jagusch, once worked for the Nazi security service but had misinformed the federal court about his past.

Herr Strauss, leader of the Bavarian Christian Social Union, was ordered to pay for advertisements in five daily newspapers publicizing the verdict. Counsel for Herr Strauss said he would appeal.

Moscow: Herr Strauss was attacked by Pravda today as an "adious political figure" who had joined forces with Peking.

Rabies alert in Malaga

From Our Correspondent

Madrid, Sept 25

The police in Malaga are spreading poisoned cat food throughout the city to combat rabies. It was reported in Madrid today. In the past two months 2,500 cats and 6,300 dogs have been killed.

One man died in July after being bitten by a dog and at least four people have been treated for suspected rabies.

British MPs in clash at EEC Parliament

From Our Parliamentary Staff

Luxembourg, Sept 25

British Conservative and Labour MPs clashed angrily in a procedural wrangle at the European Parliament today. Labour MPs were anxious to vote on a resolution on EEC competition policy presented by Mr Tom Norman, Conservative MP for Cheadle.

Labour MPs at meetings of the Socialist group this week have protested strongly at the group's apparent intention to support the resolution which they construed as an attack on nationalization and state aid.

The official Danish spokesman of the group indicated the group would vote with reservations for the resolution, although some MPs would abstain. But Labour speakers made clear their all-out opposition.

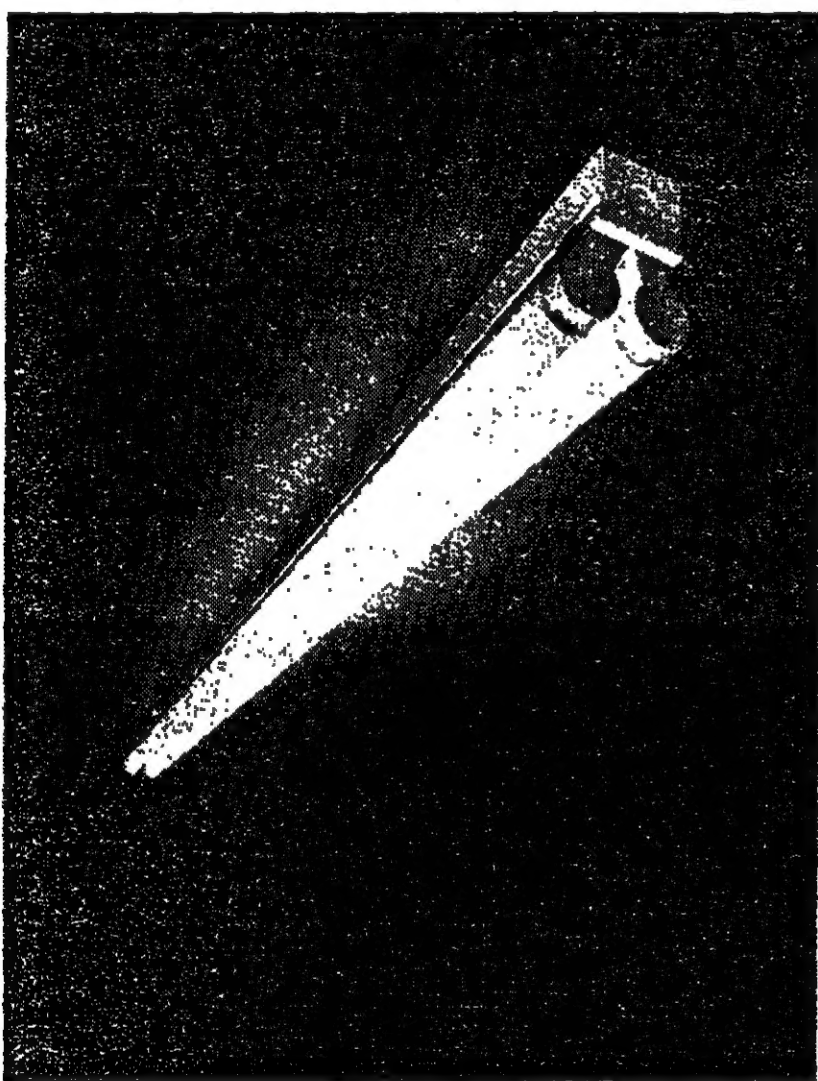
When Labour members on points of order called for a vote, both Mr James Scott-Hopkins, Conservative MP for West Derbyshire, and Mr Peter Kirk, leader of the Conservative group, protested at any move to vote immediately.

Mr Scott-Hopkins condemned the "barking noises" of new Labour members seeking party advantage and Mr Kirk called them a "howling mob". Eventually the Parliament went on to hold an emergency debate on Spain.

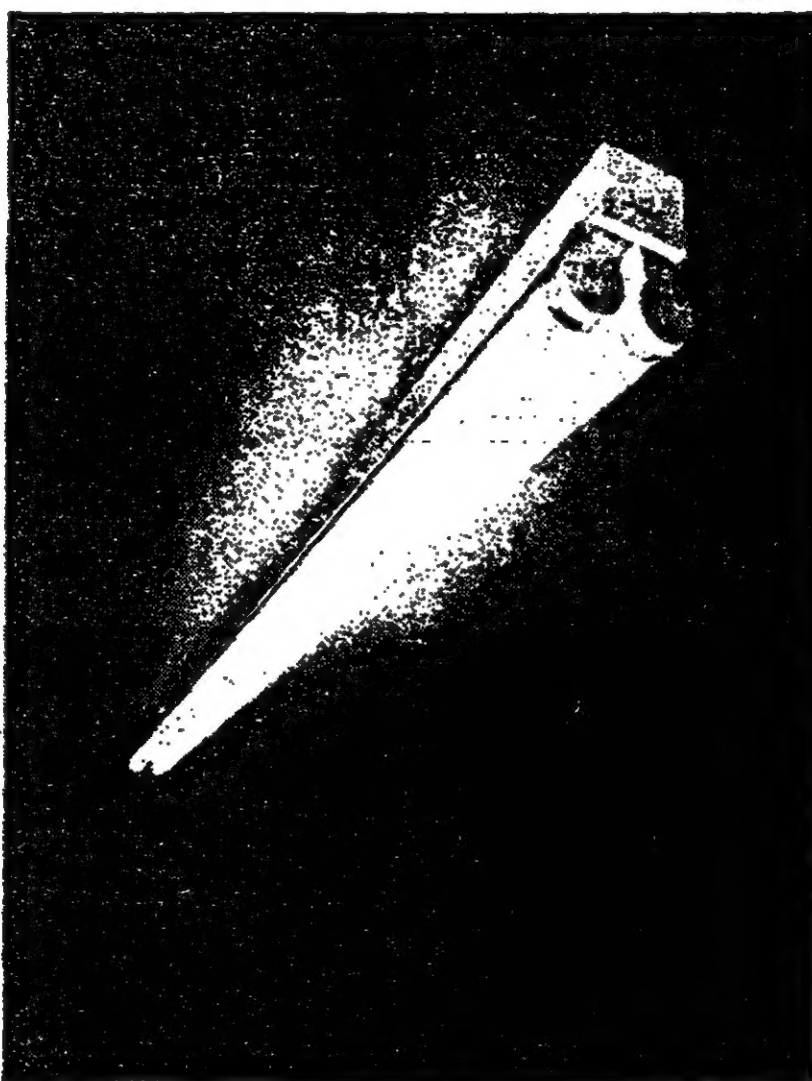
Later in the proceedings the resolution on competition policy was rejected. Labour MPs cheered loudly.

Parliamentary report, page 14

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WEST EUROPE

European MPs vote to freeze trade relations with Spain

David Cross, Labour MP, said today that the House of Commons has voted to freeze trade relations with Spain. The vote was 255 to 195. The motion, introduced by Mr Cross, calls for a suspension of trade relations with Spain until the Spanish Government has agreed to a full investigation of the deaths of the 11 Basque nationalists who were killed in the 1974-75 Basque nationalist uprising. The motion also calls for a suspension of aid to the Spanish Government until it has agreed to a full investigation of the deaths of the 11 Basque nationalists who were killed in the 1974-75 Basque nationalist uprising. The motion also calls for a suspension of aid to the Spanish Government until it has agreed to a full investigation of the deaths of the 11 Basque nationalists who were killed in the 1974-75 Basque nationalist uprising.

Spanish lawyers worried about 'death machine'

Spanish lawyers are worried about the 'death machine' which is said to be operating in the Basque region of Spain. The 'death machine' is said to be a system of assassinations which is being carried out by the Basque nationalist movement. The lawyers are worried that the 'death machine' is being used to intimidate the Basque population and to force the Basque Government to agree to a full investigation of the deaths of the 11 Basque nationalists who were killed in the 1974-75 Basque nationalist uprising.

Lisbon radio occupied by ex-army disabled

From Michael Knipe, Lisbon, Sept 25. Disabled ex-servicemen remained in occupation of Portugal's state-owned radio station, Emissora Nacional, throughout the day. Aided by sympathisers, they began their occupation at 3.30 am to publicise their demands for more adequate compensation, pensions, and rehabilitation. The place of regular programmes they broadcast their grievances, messages of support and appeals for food and drink. The men began their campaign last weekend by blocking trains and traffic round the presidential palace. They went further today by taking over motorway tollgate booths and allowing traffic to pass through free. So far the authorities have taken no action against them. Some are paraplegics in wheelchairs, and indeed at one stage policemen were cooperating with them by redressing traffic around them at the presidential palace. The radio station staff offered no resistance to the occupation and were allowed to read regular news bulletins. The disabled men have been assured that the Revolutionary Council will consider their demands and when the council meets today this was expected to be one of the subjects it would deal with. A possibly more difficult problem facing the council was that of military discipline, which is being increasingly and openly flouted. A group of dissident servicemen calling themselves Soldiers United, who contest the authority of the military establishment, were staging a demonstration tonight and was



One of the crippled former servicemen broadcasting over Portugal's state radio after the "invasion" of the studio.

promised support by left-wing civilian groups including communists. A second dissident movement of servicemen has been formed called the Army Enlisted Men's Revolutionary Action Group. It says it will oppose the advance of reactionaries inside the barracks and the structures and disciplines of a bourgeois army. Growing resentment between the local population and Angolan refugees resulted in violence last night in Lisbon's most popular square, the Rossio, which has become a focal point at which the former Angolan settlers air their grievances. Military police who went to investigate a dispute between the demonstrating refugees and passers by were attacked, and after a battle which lasted three hours, fired into the air. In a separate incident, four people were wounded when Maoist activists clashed with Communist Party activists who were attempting to paste communist posters over Maoist ones. Lisbon: The Soldiers United group has been declared illegal by the military. The group was formed to demand better pay and conditions for other ranks and equal status with officers and sergeants in the armed forces and in the key Armed Forces Assembly, which decides the broad outlines of governmental policies. Spokesmen for the group have called the new Socialist-dominated Government formed last Friday a fascist Cabinet and have demanded that the officers who made its formation possible should be purged.

CIA 'sending cash to Portugal and Angola'

From Our Own Correspondent, New York, Sept 25. The Central Intelligence Agency (CIA) is channeling huge sums of money into both Portugal and Angola, according to an article in today's New York Times. The aim is to counter communist influence, and in the case of Portugal the money is going through West European social democratic parties and unions. The New York Times reports that the money for Portugal has been going in at the rate of several million dollars a month for several months. In both Portugal and Angola, the money is going in with President Soares' approval and with the knowledge of congressional committees, as required by American law. The money for Angola has mainly been disbursed through President Mobutu of Zaire, the paper reports. It adds that Washington is counting heavily on President Mobutu to counter Russian influence in Africa, and is taking great care to be on good terms with him, to the extent of trying to arrange the refinancing of Zaire debts in the United States. In Angola, the Popular Movement for the Liberation of Angola, backed by the Russians, is regarded as close to controlling the country. According to The New York Times, the Russians and other East European countries have been supplying not only money, but heavy supplies of military equipment through the Congo and various points in Angola itself. In response, the American money is going to the National Front for the Liberation of Angola, headed by Mr Holden Roberto, and the National Union for the Total Independence of Angola. There are also reported to be some 200 Chinese military advisers who are operating from bases in Zaire in support of one or both of these. Charles Hargrove writes from Paris: Dr Mario Soares, the Portuguese Socialist leader, has taught the left-wing opposition in this country a lesson in pragmatism and in democratic politics. While it argues about the pros and cons of going to the Elysée Palace to meet President Giscard d'Estaing, Dr Soares called on him without fuss yesterday evening, and had an hour's conversation. All French commentators agree that it amounted to a "consecration" by Paris of the new Lisbon government, after a long period during which Paris showed a distinct scepticism towards the Portuguese revolutionary experiment. Dr Soares said as he left the Elysée Palace that his talk had been mainly concerned with the attitude of the EEC towards Portugal and the coming negotiations between Brussels and Lisbon. "The position of France is decisive in this matter", he added. "Now France has a good understanding of our position. We are creating a society which is moving in the direction of socialism, an advanced society; but we have many economic and social problems and we are beginning to tackle them." "In doing so, we need the support and understanding of Europe, not only of the European Community but also of the socialist countries. We need foreign aid. For this purpose, we are going to draw up a catalogue of investments which will guarantee foreign capital entering Portugal." He was optimistic about the life of the new Portuguese Government.

Chad rebels meet French envoy

From Charles Hargrove, Paris, Sept 25. A meeting took place today somewhere in the Tibesti Desert of Chad between a special envoy of the French Government, M Louis Morel, Prefect of the Vosges Department, and Mr Hissou Habre, the leader of the Tubu guerrillas, on the fate of Mme Claustre, the French ethnologist. At the meeting were two observers from a country in West Africa, whose name was not disclosed. The Elysée Palace spokesman said that M Morel was chosen for this crucial phase of the negotiations because he knew Mr Habre well. The guerrilla leader had in 1964 been an administrative attaché to M. Morel, when he was sub-prefect of Sedan. Mr Habre is a graduate of the Institute for Higher Overseas Studies, and like all other students of the college, was sent out on temporary attachment in the provinces. He returned to Chad in 1971 and was appointed sub-prefect of Moussoro, with the task of suppressing the Tubu rebellion. Shortly afterwards, he broke with the Chad Government, and joined the guerrillas. The French Government picked ambassadors of the former French colonies in Africa to inspect the stores which are to be shipped to the Tibesti as part payment of the 10m francs (about £1m) ransom for the liberation of Mme Claustre. The stores are being collected at Toulouse. The object of the inspection was to confirm that France, contrary to the accusations of the Chad Government and to recent reports in the French press, was not planning to send arms to the Tubu guerrillas. After the inspection by the African diplomats, a French Air Force Transall aircraft took off for an unknown destination. The aircraft, which may have come from Orleans air base, made a brief stopover in Toulouse and is believed to be carrying a first instalment of the stores. At the United Nations General Assembly, M de Guiraud, the permanent French representative, stated that no dropping of arms and military equipment to the guerrillas had taken place or would take place.

Norwegian Prime Minister to resign in January

From Our Correspondent, Oslo, Sept 25. Mr Trygve Bratteli, the Norwegian Prime Minister, will resign when the Storting meets in January for its 1976 session, it was announced today at a meeting of the Labour Party national executive. The executive unanimously appointed Mr Odvar Nordli as Mr Bratteli's successor. Mr Nordli is at present the parliamentary leader of the Labour Party. Aged 48, he has been a member of the Storting since 1961 and is a former minister for Local Affairs. Mr Bratteli has been Prime Minister twice. The first time was from March, 1971, until October, 1972, when he resigned because voters in a referendum rejected EEC membership. He returned as Prime Minister a year later. Today's decision will reduce the role of a caretaker government. Between now and January discussions will be going on about the composition of the government to be formed by Mr Nordli. The Labour Party is in a minority in the Storting and on most issues depends on the support of a small left-wing party. This party may try to exploit the situation to force a more left-wing policy, despite the marked anti-socialist trend shown in the local elections earlier this month.

Kidnappers take jewels as part of ransom

Rome, Sept 25. Kidnappers released Signor Claudio Frucisci, the latest victim in Rome, early today after holding him for eight days. The reported ransom is about 200m lire (£150,000), made up of cash and jewels. The figure is relatively low—presumably because the family was expected to have difficulty in raising any substantial sum, as their bank accounts had been blocked after charges alleging illegal building speculation brought against the victim's father. It was thought the investigators would make use of this novel feature to prevent direct contacts between the family and the kidnappers.

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OVERSEAS

Gromyko-Allon talks in New York raise hopes of Russia and Israel resuming diplomatic links

From Peter Strafford
New York, Sept 25

Mr Gromyko, the Soviet Foreign Minister, and Mr Allon, his Israeli counterpart, have held a three-hour meeting at the Soviet mission to the United Nations in New York at Israel's request.

Officials refuse to give details of what was discussed beyond saying that it was the Middle East and its various aspects. It is assumed, however, that one subject was likely to have been the resumption of diplomatic relations, which were broken off by the Russians during the 1967 war.

Since then relations have been strained, and neither Israel nor Russia has been sparing in its attacks on the other. There have been several signs in recent years, however, that both would be glad of an improvement: Israel to lessen its dependence on the Americans; the Soviet Union to exert more influence on developments in the Middle East.

The last meeting between Soviet and Israeli foreign ministers took place in Geneva in December, 1973, when Mr Abba Eban was still in office. Then the Americans acted as go-betweens. This time the Israelis made the move themselves, with a direct approach to the Russians in New York, although they told Dr Kissinger, the American Secretary of State, about it.

One topic that could well have come up in last night's meeting was Dr Kissinger's recent suggestion of a broad, informal meeting of all the states involved in the next step in the Middle East. This has been ignored by the Russians, who continue to criticize the latest withdrawal agreement between Egypt and Israel, and to call for a new session of the Geneva conference.

After a meeting yesterday with Dr Kissinger, Mr Allon made a cautious report on his proposal. He said he was ready for new negotiations with Syria, although he was doubtful about the practical possibilities of a partial withdrawal agreement on the Golan Heights.

Edmund Stevens writes from Moscow: The Soviet press and radio chronicled Mr Gromyko's appointments in New York with other foreign ministers, but not his meeting with Mr Allon. In the light of Soviet practice, the silence tends to indicate that the Soviet Union is attaching much importance to the talks.

They could be another sign that Moscow is reexamining its Middle East policy cautiously. To say it is disenchanted with its Arab allies is no exaggeration.

Although it has refrained from reacting publicly to President Sadat's demonstrative preference for the United States, the bitterness must run deep. After all, who built the Aswan high dam, and originally armed and instructed the Egyptian forces?

Ironically, the Russians are coming to realize that, by severing all ties with Israel, they are mirroring themselves totally to the Arab cause in the Middle East conflict from 1967, they had painted themselves into a corner. There was little they could do to promote a negotiated settlement.

ment agreement between Syria and Egypt. Dr Kissinger's recent visits to Damascus have not been just courtesy visits, and serious discussions are expected in the coming weeks.

Thirdly, the United States will assist in the overall conception of bringing the Palestinians into the negotiations. In this connection, Dr Kissinger's speech at the United Nations points the way, with his specific reference to the legitimate interests of the Palestinians.

In the Egyptian view, the Palestinian cause has not advanced over recent months and this is a matter for positive action. Moves are under way to try to bring Mr Yasser Arafat, the Palestinian leader, and King Hussein together. A reconciliation is possible, provided that Jordan recognizes the Palestinians' right to their own land, which presumably means the West Bank and the Gaza strip.

The Egyptian aim is to find ways of overcoming the block on both the Israeli and the Palestinian sides in talks to one another, according to Mr Bechir. Criticisms of Egyptian policy in the Arab world are answered by the positive gains achieved on the ground.

The Egyptian President will urge Britain to play an active part in making contact with the Palestinians, as both the West German and French Governments have done. The feeling is that, despite all Britain's long experience of the Middle East, the Government is too prone to hang back.

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In the Egyptian view, the Palestinian cause has not advanced over recent months and this is a matter for positive action. Moves are under way to try to bring Mr Yasser Arafat, the Palestinian leader, and King Hussein together. A reconciliation is possible, provided that Jordan recognizes the Palestinians' right to their own land, which presumably means the West Bank and the Gaza strip.

The Egyptian aim is to find ways of overcoming the block on both the Israeli and the Palestinian sides in talks to one another, according to Mr Bechir. Criticisms of Egyptian policy in the Arab world are answered by the positive gains achieved on the ground.

The Egyptian President will urge Britain to play an active part in making contact with the Palestinians, as both the West German and French Governments have done. The feeling is that, despite all Britain's long experience of the Middle East, the Government is too prone to hang back.

Arabs 'using Lebanon crisis for own ends'

From Paul Martin
Beirut, Sept 25

When Lebanon was last plunged into civil war, Egypt tried, unsuccessfully, to bring the Muslim insurgents in their street battle with the Christian nationalists. As the new war in the streets raged this week, Egypt attacked the radical Muslim and Palestinian groups for their role and supported the Christian call for army intervention to end the fighting.

Clearly much has changed since the 1958 civil war. The years of unrelenting Nasserism are different from the Egypt of President Sadat. However, for Lebanon, the Egyptian stand, and the meddling of the Arabs in the country's affairs, not only now but in the period leading up to the crisis, have served to remind them that their soil is an Arab battlefield.

That this is so has been shown in the way that the crisis in Lebanon has provoked another bitter Arab split. Egypt has accused Arab regimes such as those in Libya, Iraq and Syria of cultivating their protégés in Lebanon, both Lebanese and Palestinian, to further their own ends.

Syria has accused Egypt of trying to sabotage the mediation mission of Mr Abdul Halim Khaddam, and Iraq has accused both Syria and Egypt of fostering the trouble in Lebanon as a smokescreen for their peace mission.

The fact remains, that all three have an important stake in Lebanon. Egypt has been a traditional supporter of the Sunni Muslims in the country, but the ultra-radical trends in this electorate caused by the Palestinian guerrilla presence has caused it to shift alliances.

So much so, that President Sadat earlier this year praised Mr Pierre Gemayel, the tête noire of the late President Nasser as an "honest nationalist".

Furthermore, the Egyptians have been viewing with growing concern the way that the Libyans, in particular, but also the Syrians and Iraqis, have been arming their factions in Lebanon. Libya has poured in \$30m and \$50m (£17.5m) into radical Muslim groups and to the Palestinian "ultras" with the ultimate aim of facing Egypt on the Arab political battlefield.

Sept 25—Isolated shooting incidents and two bombings dented the ceasefire today.

Egypt ready for new phase in bargaining

By David Spanier
Diplomatic Correspondent

The process of launching a "second step" towards a settlement in the Middle East has already begun, according to high Egyptian sources.

The central motif of this new negotiation will be an attempt to bring the Palestinians "into the centre". But a precondition of this will have to be an understanding of the leadership of King Hussein of Jordan. The second step will also include some form of disengagement agreement between Israel and Syria in the Golan Heights.

President Sadat's main objective is to keep the momentum going, according to Mr Tahsin Bechir, the President's official spokesman and close aide, who was in London yesterday to complete arrangements for the presidential state visit to Britain on November 6-7. The highlight of this visit will be a lunch in his honour given by the Queen.

Egyptian confidence was all the stronger, he said, because of the support promised by the United States. Under the recent negotiations, Egypt has secured three important understandings from Washington.

First, if there is any Israel attack against Syria, the United States will support Egypt "remedy the situation" what this undertaking comprises and how it might work in practice is not clear, but it is regarded as a point of some significance.

Secondly, the United States will help promote a disengagement agreement between Syria and Israel.

Indonesians kill 15 in Timor clash

Jakarta, Sept 25—Indonesian troops have gone into action for the first time in the Portuguese East Timor crisis, killing 15 left-wing Fretilin soldiers on the Indonesian side of the border in a five-hour clash, official sources said today.

About 200 soldiers of Fretilin (the Revolutionary Front for the Independence of East Timor) had crossed into Indonesian territory near Motaisin, on the northern coast, and fired at least 20 mortar shells, the sources said.

Three civilians were reported killed in the attack before the invaders were pushed back across the border.

It was the first reported clash between Indonesian troops and Fretilin, one of the three warring parties in Portuguese Timor.

Fretilin claims to have complete control of the colony. Its main rivals are the Apodeti party, which wants the territory to integrate with Indonesia, and the Timorese Democratic Union (UDT), which wants East Timor to become an autonomous province within Indonesia.

Another Democrat throws his hat in the ring

From Patrick Brogan
Washington, Sept 25

An eighth candidate for the Democratic nomination for the presidency entered the fray this morning, confident that party and nation will rally happily around him. He is Mr Milton Shapp, Governor of Pennsylvania, one of the Democratic hopefuls who cluster around the 1 per cent point in every opinion poll.

When the Democrats assemble in New York next August to choose their candidate, most of the eight will still be there. Changes in the electoral law and in party rules mean that few will have to drop out, just because nobody wants them. The final total will be about 12.

Mr Shapp is 63 and was a successful businessman before he entered politics. He will be much in the limelight next year when the bicentenary of the Declaration of Independence will be celebrated in Philadelphia.

In his statement today, he said: "We need a new spirit in 1976 to match that of two centuries ago, and a new zeal to match that of FDR (Roosevelt) two scores and two years ago when hopelessness last engulfed this land. I seek the presidency of this great country to supply that kind of leadership."

The declared candidates are Senator Lloyd Bentsen, Senator Henry Jackson, Mr James Carter and Mr Terry Sanford, both former governors, Mr Fred Harris, a former senator, Mr Morris Udall, a congressman, and Mr Sergeant Shriver.

British diplomatic move to reopen Rhodesia border

From Our Correspondent
Lusaka, Sept 25

The British Government is mulling all its efforts in a diplomatic move to get the Rhodesia-Zambia border reopened, the leader of a five-man delegation of British parliamentarians visiting Zambia revealed today.

Mr Frederick Willey, Labour MP for Sunderland North, said in Livingstone that Britain considered the border closure "unfortunate" since Zambia and Rhodesia had historical attachments.

His Government was fully aware of the problem Rhodesia had created and "everything possible is being done to solve it". Britain could not accept the present situation in Rhodesia because the majority of the people there were being denied basic human rights.

Mr Willey said: "We are committed to having constitutional talks resumed in order to end the long-standing problem peacefully."

When the border blockade was imposed in 1973, first by the Rhodesian Government and later by Zambia, Zambia banned the export of copper and other goods through Rhodesia.

Zambia also froze all payments to Rhodesia, South Africa and Mozambique for goods from those countries until the goods arrived in Zambia. The decision cost Rhodesia more than £750,000 a month in freight rates, and Rhodesia and South Africa lost business worth £150m.

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Mr Smith questioned on 'black premier'

From Our Correspondent
Salisbury, Sept 25

Mr Desmond Frost, the chairman of the governing Rhodesian Front, demanded today that Mr Smith, the Prime Minister, should explain his reported comment that one day Rhodesia could have a black prime minister.

Last week Mr Smith told Associated Press that a black man was a Rhodesian as much as a white man, and that a black man would be a black man whatever his colour. The possibility of a black man one day sitting in his office could not be precluded.

Mr Frost told 600 delegates gathered for the party's annual conference in Umtali that this remark had shocked the party and left many of the general public with the impression that black rule was inevitable in Rhodesia. "I hope that the Prime Minister will clarify his statement not only for the sake of Congress but for public consumption as great damage has been done to Rhodesia's image both internally and in South Africa."

However, Mr Frost also hinted that he and Mr Harold Coleman, the party's deputy chairman, had linked up with the radical group that believes that there should be a realignment of constitutional policy with a thorough examination of a scheme for a confederation of Rhodesia with states black and one white. This group includes two Cabinet ministers.

An indication of his thinking came when he referred to the white man never giving up "his half of Rhodesia".

Mr Frost said that by using the Land Tenure Act as a base we can find a solution which removes the fear of domination of one community by another. "I believe there are many friends of honest intent who would work with us in finding an honest and acceptable solution that will allow us to live in political harmony with a common economic policy leading to greater progress and prosperity for all. We are not and cannot and will not accept black rule over the white area of Rhodesia."

The radicals who support the confederation plan believe that the present division of land under the Land Tenure Act could be replaced by a new ethnic groups—whites, Shona and Ndebele—could establish three separate states with representatives sitting on a committee to handle external affairs of common interest. Mr Smith is seen as a friend of the confederation plan.

Mr Frost called for a re-appraisal of efforts in the border war and said that for a period of time more ruthlessness would have to be shown.

Mr Frost also attacked businessmen who replaced white staff called on for military service by blacks and said that no whites were available to do the work. If every business did that, "where do these foolish people think the men who are doing the work for the economy and who will defend their miserable profits?"

He also alleged that some businessmen were transferring men with military commitments to South Africa and replacing them with men who had no military commitments.

Gaining recognition and the removal of sanctions remained an important task for the Government. It was a tragedy that outsiders had to be convinced that the Government was dealing with a bunch of hoodlums representing a few power hungry people who could find nothing better to do than to fight among themselves while on a perpetual holiday trip round the world and did not give a damn for the people who were supposed to represent them.

Mrs Thatcher's candour admired

Continued from page 1

chairman of the President's Council of Economic Advisers.

She is clearly delighted that her words have been getting so much attention. She would not have it that she had said much that was new or different from what she had been saying in Britain.

But she acknowledged that while on tour she had been "presented more forcefully, with more press releases", adding that it was only when things were being said for the third to the sixth time that politicians got their views noticed.

Her speech to the Socio-Economic Institute in New York had been a more intense analysis of the British economic scene and so gained note. Her speech on liberty to the Pilgrims Society was heartfelt. She said that if Britain lost its freedom it would be "more than the loss of a country of 55 million people, it would be a great moral and philosophical blow for the world".

Part of her purpose here had been "to give people some hope in Britain's future".

She had found many people here depressed, but she felt she might have encouraged them, although there had been no point in pretending the problems were not there.

Asked how she might translate her themes and prescriptions into political action—either in the House of Commons or in the country—she said she was looking forward "to the tremendous battle of ideas" that lay ahead. She bemoaned the powerlessness of opposition; that she could not make decisions and stick by them "which is where I made my name".

An independent assessment of whether Mrs Thatcher has gained the sort of world leader acceptance she claims must await further reaction. It must of course be vital to her own self-confidence that she believes she has done so.

What can be said with more certainty is that she has been a hit with those who have met her.

She has also revealed something more of herself, as when she admitted to a radio interviewer that she would wish for her children more entertainment than she had had when young. She won a lot of admiration for her candour.

Callaghan attack on Tory leader

From Our Own Correspondent
New York, Sept 25

Mr James Callaghan, the Foreign Secretary, today made a strong attack on Mrs Thatcher, Leader of the Opposition, for criticising Britain in speeches in the United States.

British politicians, he told a press conference in New York, should submerge their domestic differences when they were abroad in the interests of the country.

They should present Britain "as it is: resilient, dogged, and in the process of overcoming its problems", he said. Britain was "a country that has a real future", a staunch ally of the United States, and a supporter of the United Nations.

Mr Callaghan's press conference, held in the Waldorf Astoria hotel, was called to counter the widespread American view that Britain is going down the drain. But he was obviously expecting a question about Mrs Thatcher's recent visit, and when it came he set out his own position.

He thought that Mrs Thatcher would accept his own description of Britain as a country with a real future. But the effect had been spoiled by the "argumentative" sections of her speeches.

12-year Nairobi sentences

Nairobi, Sept 25—Five men, including two members of Kenya's elite police General Service unit (GSU), were each imprisoned for 12 years today for an armed attack on a relative of the late Emperor Haile Selassie.

The men attacked the home of Mr Seifu Zewde, husband of the Emperor's granddaughter, Princess Mary Asf Wossen, and Secretary-General of the African Airlines Association, on September 13.

The men were charged with stealing weapons from a GSU barracks before trying to force their way into the house believing it contained 7m shillings (£400,000), police said. Shown were fired at Mr Zewde as he escaped in one of the raiders' own cars, but he was not hit.

The two GSU members, Corporal Francis Mwangi and Corporal Joseph Tigiti, and three civilians were sentenced to 12 years in the case as well as 12 years imprisonment with hard labour. After release they were ordered to live under police surveillance for five years in specified areas.

Kenya protests to Britain over press reports

From Our Correspondent
Nairobi, Sept 25

Mr Ngunjiri Njoroge, the Kenya High Commissioner in London, has handed a protest to the British Government against what are described as "insinuations, distortions and innuendoes" in sections of the British press against Kenya.

The High Commissioner objects to statements referring to President Kenyatta as "a man of the people" and to the large British economic interests here, would be endangered.

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Alleged killer of policeman held

New York, Sept 25—Louis Velez, the alleged killer of two policemen, was captured today as police forced him out of his hideout and grabbed a home-made grenade from his hand.

The police said Mr Velez, who is 25, would be charged with the murders on September 16 of the two policemen, who were shot dead when they stopped a car and tried to question its driver.—Reuter.

Mr Chou fails to receive Hanoi delegation

Peking, Sept 25—A senior North Vietnamese delegation left Peking today without a customary meeting with Mr Chou En-lai, the ailing Prime Minister.

The delegation, led by Mr Le Duan, the first secretary of the North Vietnamese Workers' Party, had talks with Chinese leaders and an audience with Chairman Mao Tse-tung. The New China news agency later said that Vietnam would receive an interest-free loan.

No reason was given for Mr Chou's failure to receive the delegation.

Policemen deny charges of corruption

Hongkong, Sept 25—Two British superintendents of the Hongkong police today pleaded not guilty to receiving a total of \$81,300 (£10,000) from a corruption syndicate.

Mr Cecil James Cunningham, aged 49, from Derbyshire, and Mr George Thompson, aged 42, from Winchester, were released on bail of \$81,300 each by Judge Arthur Garcia in Victoria district court.

They were charged jointly with conspiring with three Chinese policemen to obstruct justice.

Tanzania succeeds in village policy

From Our Correspondent
Nairobi, Sept 25

The transformation of the mainland of Tanzania into a country of collective villages organized on strict social lines has been accomplished largely.

The extent of the transformation already achieved, and a forecast of development to be undertaken, has been described by President Nyerere in his report to the National Conference of the ruling Tanganyika African National Union in Dar es Salaam.

The conference opened a few hours after he had been chosen for the fourth time as the only candidate for the presidency in the parliamentary elections to take place on October 26.

Up to June this year, 9,100,000 people were already living in some 6,940 Ujamaa (familyhood) villages on the mainland, about 65 per cent of the rural population.

It is now expected that the entire rural population will have moved into the new villages by the end of 1976. For one thing, President Nyerere said, people in the villages, many of whom had been reluctant to move into them, are beginning to appreciate the advantages they bring, and were communicating their enthusiasm to the rest.

The aim of the villages is to provide the benefits of community living, clean water, schools and medical facilities for instance, and to enable the people to develop the land on a communal basis. Increased agricultural output is a top priority. Villages industries must be started, President Nyerere said. "The foundation has been laid for development," he continued. "Indeed, it is only because of 'villagization' that the plan for universal primary education by the end of 1977 is practical."

For 1975, between 15 and 18 per cent of Tanzania's total fixed capital investment is going into agriculture (64 was

between 6 and 7 per cent as recently as 1972), to produce more pyrethrum, tea, cotton, sugar, tobacco, livestock and dairy produce.

In industry, there is a development plan for cotton that aims to increase production of woven fabric from 80 million yards last year to 203 million yards by 1980, with yarn production rising from 1,300 tons to 10,000 tons. If this is achieved, Tanzania will be processing 60 per cent of its own cotton crop by 1980 and the number of workers in the textile industry will rise from 11,930 to 27,330.

The decision to move Tanzania's capital inland to Dodoma, first announced two years ago, is being implemented rapidly, President Nyerere said. A complete new town will adjoin the existing small town, which has changed little since the German colonial days before the First World War. It is being planned on simple lines, with no mansions or

entire rural population will have moved into the new villages by the end of 1976. For one thing, President Nyerere said, people in the villages, many of whom had been reluctant to move into them, are beginning to appreciate the advantages they bring, and were communicating their enthusiasm to the rest.

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Pilkington, June 26, 1975.

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Each piece has been sculpted by Chark Stadden, the foremost artist in this field, to an exceptional standard. The figures are no merely representations of the various commanders during the battle, rather they are superlikenesses. Working from his vast source material he has fashioned from the most authentic portraits individual pieces which in an uncanny degree capture the whole personality of each subject.

The result is a remarkable panorama of miniature sculptures: Marshal Ney and General Thomas Picton, General Kellerman who commanded the French Third Cavalry Corps and Lord Uxbridge who commanded the British cavalry, General Lord Hill bearing the British flag, and Marshal Soult with the French. Cavalry officers and gunners, mounted trumpeters and footguards and, of course, the two central figures of Wellington and Napoleon.

Scholarship and art are neatly balanced: the commanders are portrayed in formal dress uniforms but the footguards are dressed as at Waterloo, the Coldstream Guards in shakos with foul-weather covers and Napoleon's Imperial Guard with blue battle overalls over their white leggings and gaiters.


The importance of this edition may be measured by the fact that Charles Stadden, determined to ensure that the quality of finished painting matched the exactness of his original sculpture, spent eight months recruiting a team of artists to complete the individual pieces. So painstaking is the work indeed, that it takes as long as five days to complete the painting of just one major figure in all its lavish detail – to produce, in fact, a brilliant portrait as well as a sculpture.

Military displays are particularly well suited to the chess board for chess was itself originally a war game. But the Waterloo Chess Set demands a setting befitting its craftsmanship; accordingly each set will be produced together with a special board designed in the manner of campaign chests of the period. Each board is hand-made in mahogany, with fitted drawers to house the two sides. It stands on foldaway trestle legs, also hand-made in mahogany.

The name of each original owner, together with his edition number, is inscribed on a brass plaque attached to the board.

The price of the Waterloo Chess Set, inclusive of the hand-made board is £350 plus VAT at 8%. The edition is restricted to 250 sets only worldwide. The first 40 sets will be ready for delivery before Christmas, but these will be allocated in strict order of registration of successful applications.

The illustrations above cannot, in black-and-white newsprint, begin to describe these superb pieces. Serious applicants are invited therefore to write or telephone the Library of Imperial History for further details. In no circumstances can the edition exceed 250 examples, and you are urged therefore to act without delay.



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Keeping a ham's eye on the ionosphere

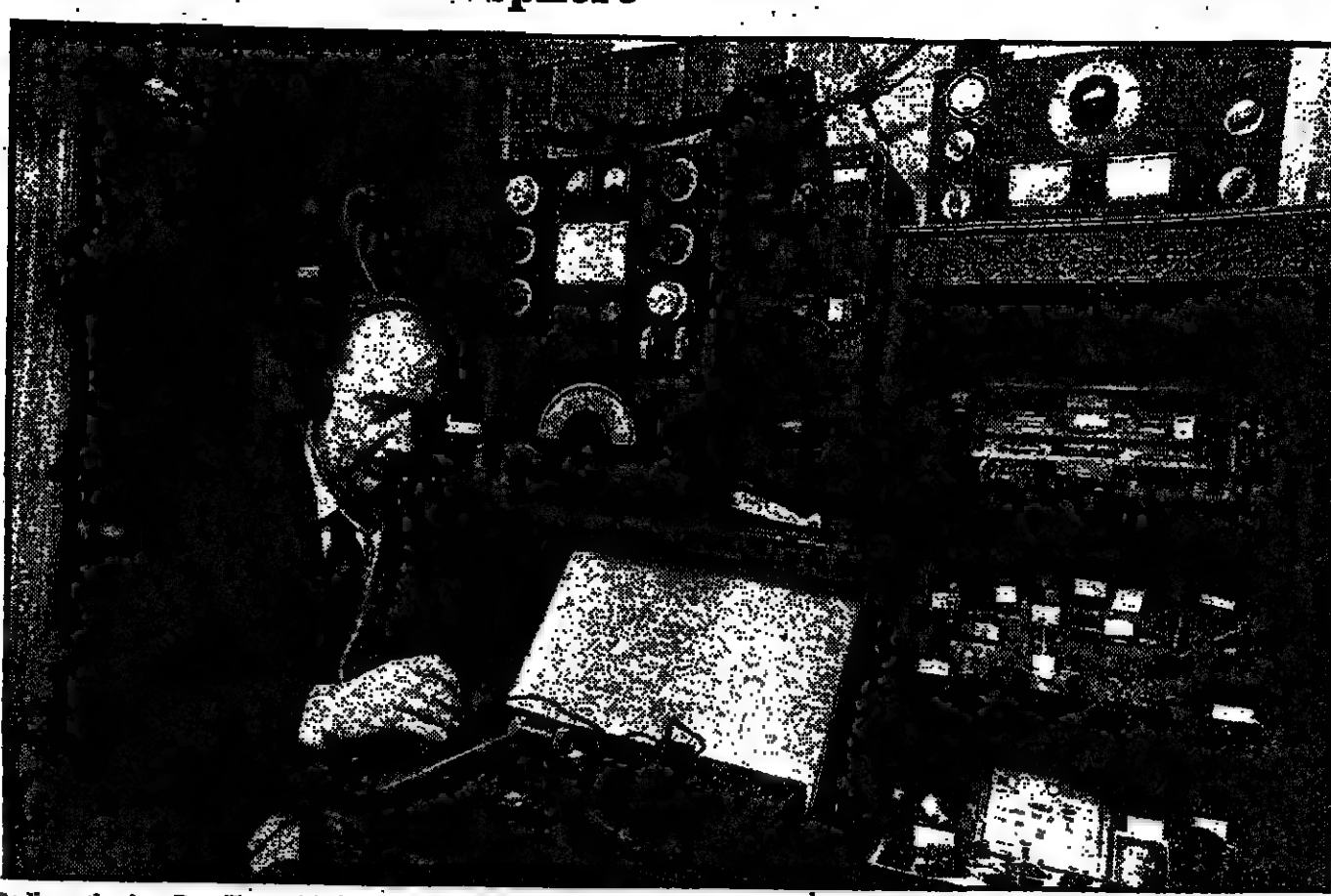
men stopped listening to and prophets, science at the vacuum and invention. If the howling really is our graceful twentieth century, at any has its worshippers, its d its archaeologists. One most devoted, aptly Ron Ham, lives in a that is gradually dising beneath his collection the equipment from the eyes of Blessed Saint Mar a First World War and

house in Sussex, called House, naturally, like a crazy Christmas a cornered aerials and isters. In the garden the hydrangeas two antenna arrays, aerials track-room wire mar-keep an eye on the are with a dish aerial hem in support, for Mr a keen student of the tion of radio waves.

house is packed like a d with a collection of old rubbish from the wireless: bright emitters like silver light-bulbs; ide coils, engineered gntful Lilliputian skill o hams in the early accretion of batteries; early radio fan had to a, to the shop twice a r, recharging.

main radio room hums bers with continual mes- out solar activity from b telescopes; Mr Ham f a handful of private who run their own scopes. The walls are o the ceiling with r radio equipment in packs that old soldiers cher of the two world ould recognize with t, or perhaps even emulsion.

is the pioneer 500 watt in the trenches of 4-18 war, in as good order as it ever was, s not saying a great side it rest the famous 38 and the No. 18 for igation between the Com d Battalion HQ, man- by infantrymen, over out, and for that mat- y back, in the 1939-45 igrations exercise. Over the No. 18 set for igh Russian markings it was constructed for o the Eastern Front. e are the compact sets r commands, and the re compact sets camou-



Radio enthusiast Ron Ham with part of his collection.

flagged in innocuous suitcases made for SOE agents.

Mr Ham has aircraft radios out of Flying Fortresses, Lancasters, Spitfires, Heinkels, and other famous war-planes, including the radio guidance system, out of a V1 Doodlebug. Cabinet contains components with early valves and spare parts going back to the historic 1905 Coherer Detector, all arranged as neatly as geological specimens in a punctilious museum.

Ron Ham handles the 1 and rearranges them as engagingly as a boy let loose with the finest toy train set in the world. Next door in the sitting room there is no room to sit down for the rows of early civilian wireless sets and the first wire- less magazine piled in a radio antiquarian's treasury. All true hams would recognize and reverence the original Marconi phone V2 of 1923, beside the famous Revophones of 1925,

framed like giant flowers in a cluster of trumpet-tongued horn loudspeakers.

The first home-made sets, beautifully carpentered by amateurs from the first crackle of radio, sit ready to crackle again at the insertion of a coil, the two of several dials, and much other technology. You had to be a good amateur engineer to listen in those pioneer days: The Oram Music Magnet, all music sent, rests beside the notable McMichael choke.

The Second World War was the war of the radio, as the First World War had been of the telephone, and the Boer War of the telegraph. And one of the reasons that Britain won was that it had and encouraged its happy band of fanatical radio hams. The Nazis dis- couraged amateur radio, be- cause they depended on state rather than free communication,

on propaganda rather than truth. And Mr Ham has, of course, the Standard War-time Civilian Receiver, on which as a boy he listened to Henry Hall's *Guest Night* and *In Town Tonight*, and was first bitten by the overpowering radio bug.

He twiddles those early fast and slow dials, and says with melancholy: "The craftsman- ship and some of the fun have gone out of radio with the invention of the transistor. Radios these days are built to be thrown away when they go wrong, not taken to bits and put together over and over again."

His father was one of the original radio licence holders. Ron Ham went into the radio trade from school, and has run a radio and electrical engin- eering business for the past 23 years. As a hobby he has de- veloped his interest in radio history into an overmastering obsession. He travels the

country lecturing to co-religionists of the radio waves, and writes regular learned articles for the magazines.

He explains the attraction: "Radio is a piece of history that has been written in my lifetime. It is a great chapter of the British past, because for most of the time our radio research has led the world."

"Within 50 years we have travelled from the first crackles from these lovely but primitive pieces of equipment to the transistors that enabled man to be sent to the moon."

Ron Ham hopes that one day there will be a national radio museum, so long as he does not have to surrender his dearest treasures to it. In the meantime he and other antiquarian hams are preserving and cherishing the improbably magnificent machines of our radio heritage.

Philip Howard

More mobility for the disabled

Ministers past and present have been under fire about the mobility help given to disabled drivers. I welcome the controversy. For at least it provides an opportunity to explain the aims and origins of the Government's new policy.

With the change of government, in March 1974, we inherited a mobility scheme for the disabled that was, by modern standards, totally indefensible. The invalid trike was the main provision, and one effect was to disqualify anyone who could not drive. To hold down costs, the vast majority of severely disabled people were excluded from any mobility help at all. Four-wheelers were seen (and re- jected) as the thin end of a wedge that would enormously increase costs by allowing into the scheme the disabled non-driver who could nominate someone to drive for him or her.

Thus the scheme we inherited was founded on a cruel anomaly. Help was not based solely on the disability of the individual; it was conditional on his ability to drive. If you were unable to drive (or too young to drive) you were out in the cold no matter how severe your disablement. The idea of a cash allowance for disabled non-drivers was also rejected on grounds of cost. Most disabled people cannot drive and my predecessors found it both convenient and cheap to relate mobility help strictly to ability to drive.

At the same time, Sir Keith Joseph had kept secret the findings of his one-woman inquiry into the policy he administered. Lady Sharp's report on mobility for the disabled had been in mothballs at his ministry for over five months when Sir Keith left office. The results of tests on the trike undertaken by the Motor Industry Research Association (MIRA) also lay hidden from Parliament, the press and the public.

Both Lady Sharp's report and MIRA's findings were quickly published after we took office. Clearly, we had a duty carefully to consider the Sharp recommendations. I felt that we should also consult the disabled about both the recommendations and their own priorities for policy changes in the mobility field. They knew my aims, but

I wanted to consult genuinely and meaningfully by talking with the disabled and not at them.

When I consulted them, it was most strongly argued by the disabled and their organizations that all discrimination against the non-driver must cease forthwith. Lady Sharp's views were widely criticized. Mistakenly, many disabled people had thought her report was a statement of government policy and protested bitterly against her criteria for mobility help. Again, it was made abundantly clear to me that there would be a continuing demand for the trike from disabled drivers who either wanted or, because of the nature of their disabilities, needed this type of vehicle. The option of a four-wheeler was supported, but not on Lady Sharp's terms. In her report, she had said: "Even if cost were not a consideration, I do not think a car could properly be issued to the physically disabled on the same terms as a vehicle specially designed for their sole use."

By contrast it was argued by the disabled that if cars were to be made available, they should go not only to restricted categories of disabled drivers but also to upwards of 100,000 non-drivers who could nominate other people to drive for them. Yet it was also argued that a government-issue Mini was not what was wanted. I was told that no standard car would be acceptable, because the disabled are not standard people.

Equity and flexibility were much the strongest themes of the advice I received from the disabled themselves. I became convinced that equity, like flexibility, could only be achieved by cash and not cars. There is a case for providing disabled people with a prostheses which they specifically required or regard as essential to their mobility. But in equity there can be no case whatever for giving a car to a disabled driver if you are not prepared to do the same for a more severely disabled non-driver who can nominate someone to drive a car for him or her. Yet even this would give nothing to those who have no one to drive them around.

This is why we opted for a mobility allowance payable, on equal terms, to disabled drivers and non-drivers, alike. Our decision will treble my Depart-

ment's expenditure on mobility for the disabled. For the very first time, we shall be giving mobility help to an extra 100,000 disabled people. They include large numbers of severely disabled children whose plight was mocked by the scheme we are now in process of scrapping.

The great advantage of giving money, instead of hardware, is that people can spend it as they like. Those who can't drive, like those who have no one they can ask to drive for them, can club together to go on outings or perhaps take their first-ever holiday. Or they can spend it on extra comforts at home to compensate them for the outdoor mobility which is beyond their reach.

The mobility allowance has been set at £260 a year taxable. If the allowance had been tax free, it would have had to be set at a much lower rate to keep within our trebled budget of £39m. Our aim in taxing the allowance is to give most help to those most in need. I have been told that a direct means test would have been preferable to taxing the allowance. But we believed taxation to be the least offensive method of helping in proportion to need. We also took the view that a direct means test would deter large numbers of disabled people from applying for the help which is now their right.

We shall be helping, in the new scheme, more than three times as many people as we are helping now. Giving help to those who can neither walk nor drive including severely disabled children, is a major breakthrough in the mobility field. Moreover, where there are two qualified disabled people in the same household, the taxpayer will be contributing £520 a year to their mobility needs.

It has been welcomed as an important step forward not only by the Joint Committee on Mobility for Disabled, but also by the Central Council for the Disabled, Action Research for the Crippled Child and many other organizations. We shall be seeking not only to protect the scheme against all the demands for savage expenditure cuts, but also to build upon it as soon as we can.

Alfred Morris

The author is Minister for the Disabled.

Having a better time in Bulgaria

not want to challenge what Mr Scargill told the *Yorkshire Post* is experiences in Bulgaria—a trade noted with words which echo what y other disenchanted left wingers id, and in other communist coun- If this is communism, they can

argill's account of his unfortunate ces had the ring of sincerity and He paid £245 for the holiday he family did not enjoy, and he has th to create if he thinks he was nged (literally, according to his

have just returned from a visit ria. Though I did not share the s suffered by Mr Scargill—over- hotels, the voucher system of d being rooted by shopkeepers or without criticism, and I will m here, in the spirit in which els free to criticise a friend. th I was a guest of the Bulgarian nt, I am not obliged to become ic relations officer. But my in- are so much more favourable Scargill's that fair play (the one th which I found Bulgarians still "exhausted" country) demands ic account of the more accept- of Bulgaria.

se, the *raison d'être* of my tour different from that of Mr Scar- January, 1973, *The Connoisseur* devoted an entire issue to the nquiries of Poland. Although I ditor in that month, and was not responsible for the issue, t of the credit for it. It was later that we might care to devote issue to Bulgaria. While I did o be committed to that, I agreed some articles on Bulgarian anti- specially on the great Thracian tion which opens at the British n. January 7. To stimulate my n the country further, Mrs Zhirkova (daughter of the Bul- sident, and herself chairman of ittee of Art and Culture) in- spend a fortnight in the coun- est of the Bulgarian govern- to Sofia on September 3. Sight I sat next to a German oing to a trade fair in Plovdiv, en to Bulgaria before and told st important thing to remember algarians nod when they mean shake their heads for yes—"a country where a nod is not t wink.

mit that my first impression a night have confirmed Mr rosey view. They managed to ge in Sofia airport, and I 've it until the next morning. ountered at once the unfour- of what is otherwise conside- rian character—their happy- ure. It also ensured that on- ons the committee failed to hotel room in advance; so one e in a city tired after a long y have to argue oneself into a y, the guide who accompanied out the tour, a 22-year-old sta- Theodora Todorova, was always resourceful on these occa- unding to see managers and "I shall report you to the"—a threat as effective in the phrase recommended by house for instant blackmailing "I know your guilty secret!" should try it. But this carefree so means that there is no over customs examinations, re.

I stayed in four hotels altogether: the Grand Hotel Bulgaria, in Sofia; the Hotel Leipzig, in Plovdiv; the Hotel Schipka, at Sunny Beach on the Black Sea near Burgas; and back to Sofia to end my stay in the best hotel in Bulgaria, the Grand Hotel Sofia. I was well content with all of them. The Hotel Bulgaria, almost opposite the National Gallery which was once a resi- dence of the Tsar, and also nearly opposite the little Russian church with its gilded onion topknots, was like an old-fashioned Parisian hotel.

I had a well-appointed room, extremely well lit, and with a separate bathroom. Admittedly you could have written most of *War and Peace* while the bath was filling; but the thin trickle from the hot tap was scalding, and the water from the cold tap of the basin was deliciously cold, like spring water, and I drank quantities of it, against the dire advice of every xenophobe I have ever met. The lavatory worked—ferociously—but I must award low marks for lavatory paper, small thick squares of yellowish paper, which Dumaev might have used for his less perishable sketches. There was a television set which produced a wan, flickering picture (apparently of nudists fishing when I turned it on) and a wireless set which on many channels played stirring revolutionary anthems.

The next two hotels, the Leipzig and the Schipka, had no baths, but showers from which the water gurgled horribly away down a hole in the corner of a sloping floor. The Schipka—which is not as good as an hotel as the Cuban, also at Sunny Beach, but is nearer the front—is one of a cluster of new, somewhat characterless, but convenient skyscraper blocks. Its best feature was a sun balcony with a rocking-chair, a suburban refinement hitherto unknown to me. The Grand Hotel Sofia was up to the highest standards of the top American hotels (Beverly, Wilshire, Los Angeles; Fairmont, San Francisco) which it closely resembles. It is run with both efficiency and charm. The room service is excellent, and if you leave a breakfast order-form on your doorknob at night, the meal arrives at the time requested in the morning. The only irritation was a telephone in my room which beeped continuously through the night like a high-pitched heartbeat. I buried it under the bedclothes of the second bed in my room, and forgot about it. I suppose the maid thought the mad Englishman put the telephone to bed at night.

Food was never quite up to the standard of good western European cuisine, but that was an allowance I expected to have to make, and did. As a hearty breakfast eater, I was in luck. Consulting the phrase-book, in the Hotel Bulgaria, I demanded *shouunka i paysta*. The waiter leaned over my shoulder and peered into the book. "Ah 'Em and eggs!" Lunch—often a spicy rag of veal or some other meat, often begun with a *Margyeta* (mastic brandy, similar to pernod) and was accompanied by a light white wine, *mysket*. The red wines I tried were heavy, too sweet and bestrooty.

I recommend the Russian Club in Sofia, which like the fashionable 21 Club in New York is not a club at all, but a good public restaurant. A delightful place with a courtyard covered with intertwining branches like a magnified version of the pleached walk by Kensington Palace. Here the meal began with a gherkin and cheese salad and with yoghurt and cucumber soup.

The best restaurant I was taken to—allegedly the best in Bulgaria—was the marvellous Poldin Restaurant on the edge of the old town in Plovdiv. It is strongly tinged with Ottoman influence (make sure you order Turkish coffee) as is the

old town itself, more like a setting for Mozart's *Seraglio* than for a trade fair. For the restaurant of the Hotel Cuban at Sunny Beach there was quite a queue, superintended by a major-domo in scarlet Kuratistan uniform. Here Theodora met her Waterloo, for when she tried to queue-jump by telling the manager I was an "Important Western Journalist" he replied: "It is a crime you did not book a table! I shall report you to the committee!" However the meal was worth waiting for.

But it was the private hospitality that meant most to me in Bulgaria. The generosity of the people I met, mostly for the first time, rivalled that of the Americans. One was made a friend at once—and they freely assumed a friend's licence in making teasing criticisms of England, and sometimes a friend's trust in making criticisms of their own regime. (The main three criticisms they made were first, the restrictions placed on foreign travel; secondly, censorship of their press; and thirdly—a complaint which smacks oddly of socialist complaints here about the old school tie—the undue use of influence in giving jobs, with privileged opportunities for children of high-ranking officials, and with too little public advertisement of positions.)

Nothing seemed too much trouble for my hosts. When we visited the Artists' Union in Sofia (a splendid spacious building with restaurant and exhibition rooms, of which there is surely no equivalent for working artists in London) an exhibition of posters about Cuba had just been dismantled; but the staff insisted on showing them to me none the less, holding each one up for a truly private view.

I happened to mention to one of the staff, Mr Dimitar Dimitrov, that I had admired a poster for a shooting competition which I had seen at the airport while retrieving my luggage. "Ah, that's by Stefan Nenov," he said. "He is a personal friend of mine. Let's go round to his house and see if he's in." Nenov, at 33 one of Bulgaria's leading artists, was at home in his flat—a flat so much grander and more lavish than mine that I am well convinced Bulgaria looks after its artists properly. Nenov showed us all his posters, and gave me several (including one banned by the government as "too impressionistic"); he also plied us with vodka and biscuits and showed us the many brilliant medal designs he has made for sporting events. All this was casual and unplanned; the same applied to the less good things that occasionally happened!

It is only in attempting to answer Mr Scargill that I harp on the domestic trivia, or private entertainment of my visit. For I would have been prepared to sleep rough to see the scenic, artistic and architectural splendours of Bulgaria; the beautiful Bachkovo Monastery in the Rhodope Mountains; the Byzantine remains of Nessebur; the icons in Sofia Cathedral crypt; Lake Pansarevo; the little Bojanna Church in the Vitosha Mountains, of which the thirteenth-century frescoes anticipate Giotto.

The roadside lavatories may be indescribable (but so are French ones: a Harpic salesman would starve in either country); there are jellyfish in the Black Sea (but at least they enabled me to use the most melodious phrase in the book—"I'ma Medusi!"—Here be jellyfish!); and black marketers spurn English pounds (as I learnt when one approached me but turned away in disgust on finding I was not a German with Deutschmarks). Let Mr Scargill stick to Blackpool if he wants English values for his English pounds, stringless seas and lusty flushing.

Bevis Hillier

Richard Harris begins by examining the country's internal politics and its relations with the communist North.

Republic of Korea

made it easier for the left-wing and anti-western vote at the 1948 election. But North Korea the more worthy ally and South Korea to be politically divided, a candidate for the historical dustbin.

For all that, South Korea's status is not to be compared with South Vietnam's. It is not divided less flamboyantly, corrupt, a potentially powerful economy faced by a regime that lacks the national appeal that Mao Tse-tung claimed for the Chinese communists. It is a government of 1945 never quite lost under Mao Chiang Kai-shek.

What is needed in Seoul is more confidence in political flexibility; above all a willingness to distinguish between agents of the north and progressive democrats. Theirs may become the natural self-expression of well-educated, travelled, politicians, conscious of distinctions more than status. A more mature relationship with Japan should also supplant past resentful memories. That could be important politically as well as economically in the next few

300m) for a wide range of projects. Officials admit that a number of these will be make-work programmes designed to provide some sort of useful employment for persons made idle by the recession.

"There is no unemployment compensation in Korea," an official explained. "We cannot afford that at luxury yet. But neither can we afford to have great numbers of people wasting time doing nothing when there is so much that needs to be done. So the Saemaul movement is in a way also a social welfare programme—a social welfare programme under which all of society, the taxpayers as well as the recipient, benefits."

II

III

VI

VII

VIII

Exports to Britain						
Unit : 1,000 \$US						
	1972		1973	%	1974	%
and its	—	—	—	—	11,090	-9.39
clo	—	—	—	—	—	—
sacco	3,822	14	6,428	8	8,598	7.23
yarns	3	—	599	0.8	2,564	7.22
fabrics	1,384	5	6,505	8	7,728	6.53
textile	6,204	18	3,048	3.8	3,521	3
clothing	596	2	2,251	2.6	5,744	4.88
other goods	1,078	4	6,780	8.4	10,759	9.85
and parts	6	—	20	—	2,822	24.6
other	2,901	10	9,973	12.4	19,478	18.65
total	441	2	3,895	4.8	6,037	5.1
clothing	5,126	16	15,970	19.5	16,636	16.2
textiles	1,177	4	2,594	3.2	2,563	2.2
other goods	6,420	23	22,665	28.3	20,721	17.7
	26,218	100	80,405	100	117,561	100

manufactured of steel, iron and copper, environment.

Wage rates among lowest-and strikes illegal

by Clifford Webb

Foreign companies operating in South Korea describe their employees as among the most hard-working, loyal and quick to learn in the world.

Foreign engineers supervising the installation of new plant and machinery here the first to discover this. They arrived with pre-conceived target dates for completion based on the standard practices of their own countries. Despite the language difficulties, which become even more frustrating when dealing with technical terms, they quickly found that what had seemed impossible at home was happening every day in Korea.

Young graduates buckled down to work that would normally fall to them only after many years of painfully achieved promotion.

If South Korea's 17 million strong labour force is the key to the country's development, it is also a potential source of trouble. Wage rates are among the cheapest in the world. Strikes are prohibited by law and the trade unions are a shadow of their western counterparts.

How long will such rigid control be acceptable to a people who are enjoying the fruits of rapid growth? Many western observers believe that more democratic labour relations must come, however slowly, if South Korea is to become a great trading nation.

Widespread use of casual labour

Since last year unemployment has risen from 4.1 per cent to 6.1 per cent with textiles and electronics taking the brunt of the recession in world markets. But if these levels of unemployment seem low to European eyes it must be remembered that the South Korean yardstick for full employment is 18 hours a week. There is widespread use of casual and part-time labour which falls well short of our standards.

In theory every worker has a right protected by law to join a trade union of his choice. In fact many employers do little to disguise their dislike for union membership and refuse to employ trade unionists.

It was not until 1948, after the Second World War and 30 years of Japanese colonial rule, that trade unions in the modern sense were organized in Korea.

Article 29 of the constitution declares that "workers have rights to independent collective organization, collective bargaining and collective action". On the basis of this the Government was preparing to draft the necessary laws and regulations when, on June 25, 1950, the North-South war broke out.

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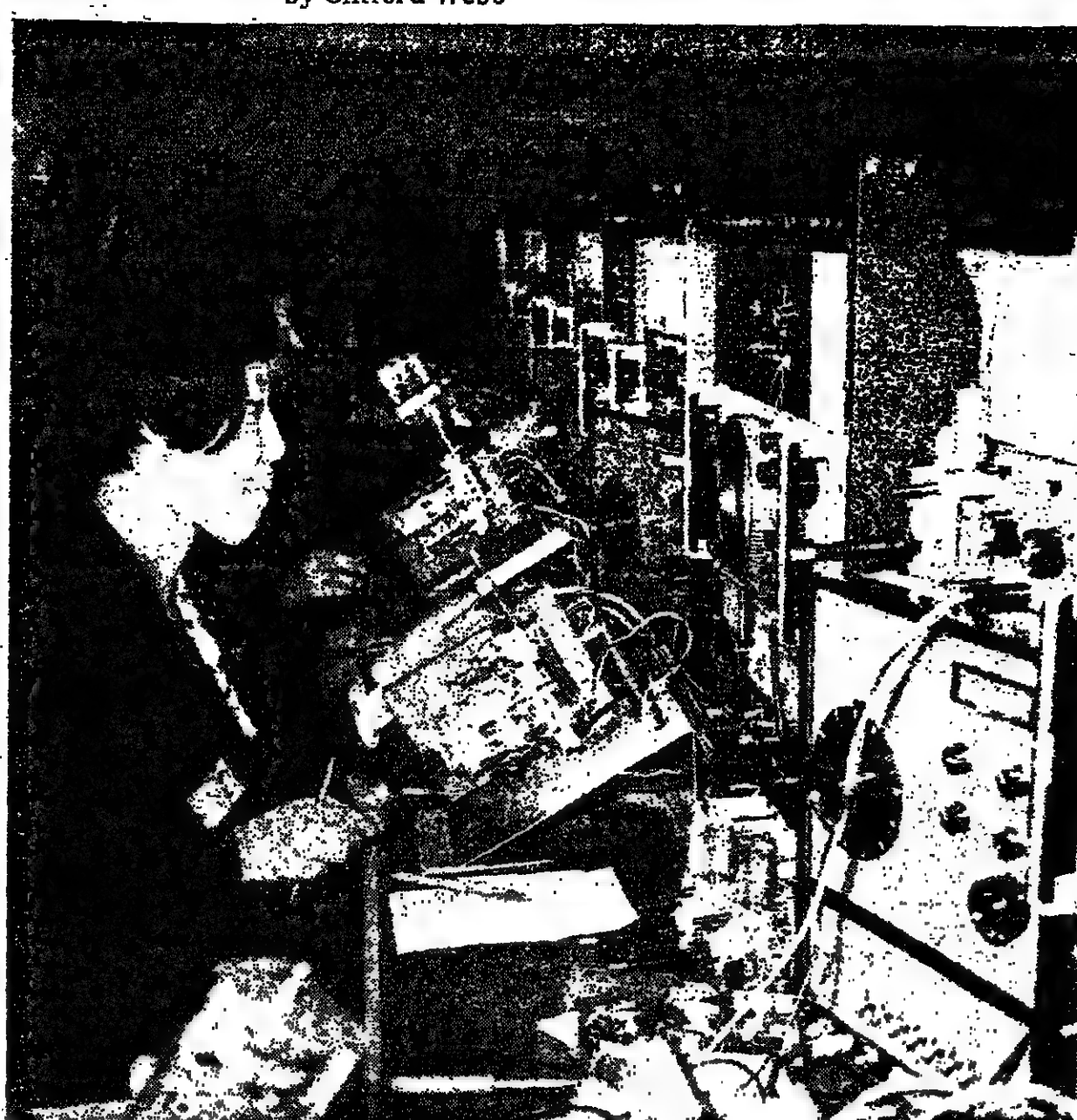
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Girls working in an electronic parts manufacturing plant on the Gurodong Industrial Estate in Seoul.

There are a number of special provisions for the protection of women and minors. The minimum working age is 13, when compulsory education ends in Korea. Women and children under 18 are not allowed to work at night or on general holidays. But employers can, and some do, obtain permission from the Ministry of Health and Social Affairs to breach this regulation.

There is 60 days' leave with pay for childbirth and mothers with an infant under one year can take two 30-minute periods each day for feeding and nursing.

Government officials insist that such a draconian measure was necessary for two reasons: to prevent the finely balanced economy being unhinged by irresponsible action, and to stop the Communist North from gaining any economic or propaganda advantage.

The deterrent apparently achieved its purpose. According to official Government sources no one has yet been sent to prison for striking.

Wages increased by 30 per cent last year and are expected to go up by a further 22 per cent this year. But they are still low by western standards. For instance the average wage in the huge textile industry is about £10 a week.

Nevertheless the outward signs of a consumer society are plainly visible—masses of television aerials and the western teenager's standard uniform, jeans and casual shirts.

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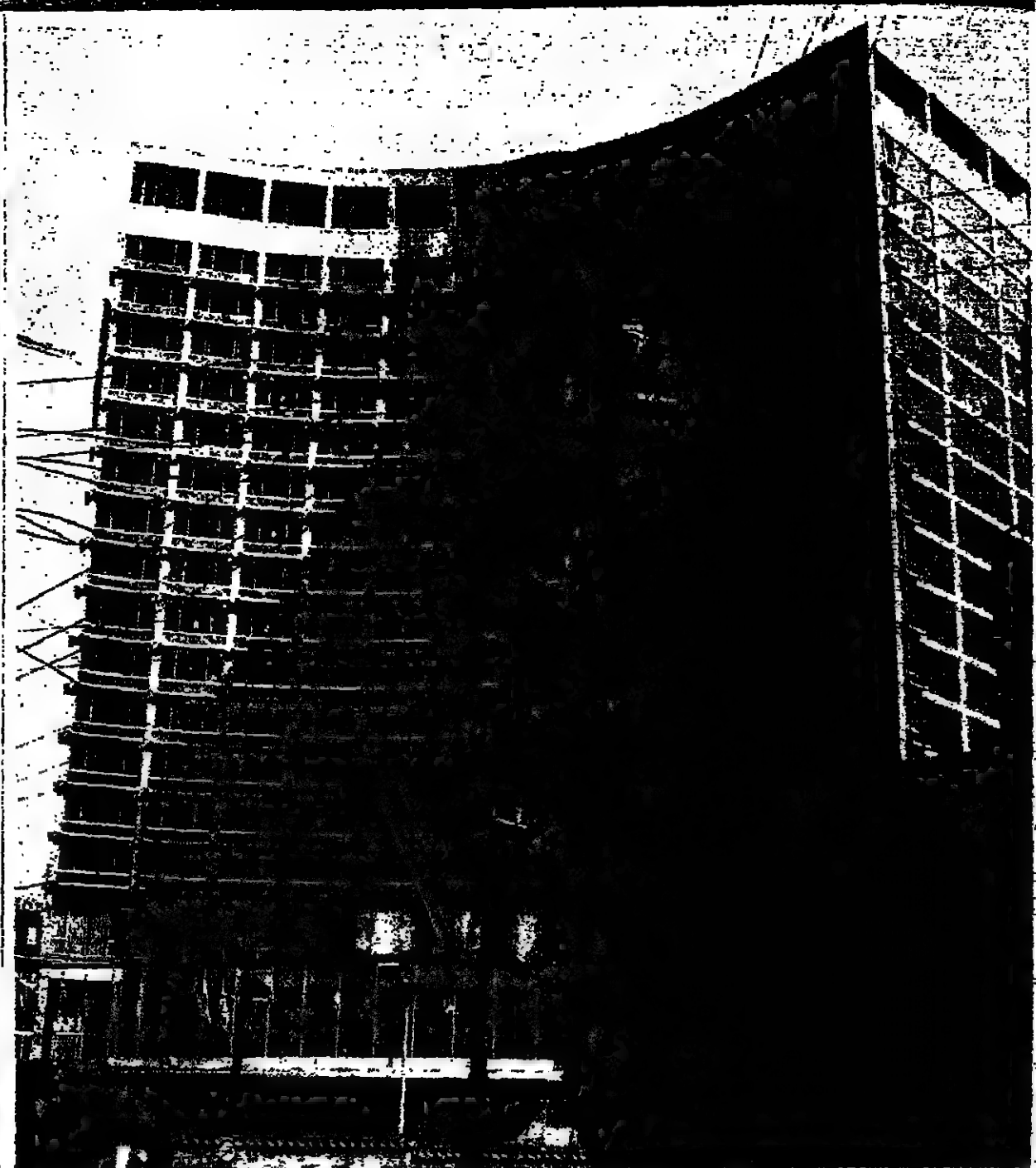
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Seoul's most fashionable hotel, the Chosun, with an example of the capital's less up-to-date wiring.

Special incentives led to expansion

by Peter Godwin

South Korea's development reads like a fairy story. People who have never seen it find it hard to believe: those who have find it difficult to stop re-telling the story.

After the war ended in 1953, South Korea began to repair the ruins, assisted by the United Nations Korea Reconstruction Agency with a five-year budget of \$1,900m (about £750m) and economic and military aid from the United States.

Little real development took place until 1962 when an energetic new government, anxious to justify itself with economic success, laid out a five-year plan for industrialization with the first five-year plan.

The Koreans recoiled themselves to their lack of natural resources and recognized that expansion would depend on importing equipment, raw materials, specialist knowledge and the money to pay for it.

Roads, railways, ports and electric power were tackled first, and between 1962 and 1965 loans totalling \$390m were committed, much on "soft aid" terms (10 years grace, 30 years to repay, nominal rates of interest).

The mechanics for attracting overseas investment were set up under the Foreign Capital Inducement Law.

In 1965 the Government recognized the need to make friends with Japan, which the Koreans had despised during 35 years of occupation. Relations became normal and Japan agreed to make reparations payments.

A loan of \$300m in grants and \$200m in loans was committed by the Japanese Government and the private sector pledged "soft" credits of \$300m.

Standby arrangements with the International Monetary Fund were approved at about the same time and South Korea began to become known internationally as a commercial borrower.

The second half of the decade saw a big injection of loan money, increasing

each year to a peak in 1969 of more than \$500m. At the end of that year the total debt figure exceeded £1,500m.

Industrial expansion was dramatic. The textile industry, which just coped with domestic demand in 1960, exported \$100m in 1967 and reached \$1,200m in 1973. Plywood production became an important export earner, and developments took place in cement, petrochemicals (including fertilizers and synthetic fibres), paper and electronic equipment, largely on imported money.

Between 1965 and 1970 growth in gross national product averaged 10.5 per cent. During that period Britain began giving credit, with long-term loans for ships, chemical plants and power generated equipment, at the then prevailing fixed interest rate for exports of 5 per cent a year.

All over the world, cheap, long-term credit had become vital in selling capital plans. The Koreans were not slow to take advantage of contractors and their bankers competing to lend them money for projects.

Japan took advantage of the 1965 compensation agreement by using the funds to support the sale of its equipment, and landed many large orders, including the integrated steel plant at Pohang.

The United States was active on petrochemicals and oil refineries, and 1970 saw the contract for South Korea's first nuclear power plant, a vital ingredient being a 20-year loan "package" agreed by the United States and Britain.

American and Japanese companies saw the attractions of special incentives offered under the Industrial Investment Incentive Law, and took stakes in new Korean industries. With their energetic and, once trained, reliable labour force, they seldom proved disappointing.

About \$700m has been invested by Japan and America (about 25 per cent

of total outside investment), with Japan outstripping the United States after a peak of \$200m in 1973 alone.

Priority has shifted in this decade to heavy and chemical industries in order to broaden South Korea's industrial base. Loans from international agencies and export credits have continued to play a vital role supported by regular calls on the Euro-dollar market.

Shipbuilding was selected for heavy development and British export credit was provided to support the sale of equipment for the new Hyundai shipyard.

European companies have electrified sections of the Korean National Railway and Japan supplied the equipment for the first section of Seoul's underground railway. South Korea's seventh fertilizer complex is under construction by American contractors at Yosu, supported by loans and investment. Mitsui and Dow Chemical are investing in petrochemical complexes near Busan.

Since the rise in the price of oil the Koreans have had to deal with inflation and recession. The general contraction in the Eurocurrency market made loans from that source harder to get and recent nervousness over the intentions of North Korea have caused lenders to be cautious.

The early months of this year were grim, with a dearth of export orders and a mounting balance of payments deficit. Last spring, however, saw orders picking up, particularly in the depressed textile market.

In May and June there were small trade surpluses, and by the end of July exports had risen to \$2,620m or 43 per cent of the 1974 export target of \$6,000m.

The increasing rate of exports encourages confidence that the year's figures will be somewhere near the target.

Designated plans have been amended. Shipyard projects have been cut back

and a second big steel plant postponed. However, South Korea presses on and projects like the new industrial complex for light industries at Changwon are attracting overseas investors.

Canada has made up for lost time with a huge loan to support the sale of one of their CANDU nuclear power plants. Phase three of the steel plant at Pohang is proceeding and there is no shortage of contractors bidding, all offering generous credit packages.

In a time of inflation it is hard to compare the value of the loans which they bought. Those who followed a more cautious development policy now envy South Korea's industries bought last year's prices. They do not envy South Korea's debt burden, of course, but the \$4,200m outstanding at the end of 1974 does not look formidable in the present inflationary world, especially when taking into account the fact that repayment is spread over about 30 years and the average interest rate is in single figures.

One of the keys to the success of South Korea's development lies in its ability to make its plants work at, or near, the designed production rate.

Another factor is its vigorous construction industry, which has been responsible for much of the civil engineering on the big projects. Construction firms have become increasingly successful, winning big orders overseas, including two \$50m contracts in Saudi Arabia this year.

The author is an assistant director, Lazard Brothers, responsible for the bank's business in Asia.



The National Museum in Kyongbok Palace

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Changing approaches to education

Allied victory in the war freed South Korea from Japanese rule and ended a policy of educational suppression. In 1945, 78 per cent of the adult population was illiterate, but through a massive educational programme, pushed ahead with foreign assistance, it had been reduced to 20 per cent by the 1960s. When the last official census was taken, in 1970, it was down to 11 per cent.

The definition of illiteracy adopted for the purposes of the census was "persons 12 years old and more who cannot read or write their mother tongue, that is who cannot express their own simple ideas in letters".

Although great emphasis has been placed on free and compulsory education since 1948 parents still have to make a sizeable contribution to school maintenance costs and the provision of textbooks.

In the elementary sector classes of 60 or more, lack of modern equipment and outdated teaching methods are causing difficulties.

Koreans have the advantage of a common language, unlike many former colonial countries. Since the fifteenth century, when Korea had a particularly enlightened ruler in King Sejong, the country has used a phonetic

system, the modern form of which consists of 24 letters. Many educationalists consider it to be among the simplest and most concise for writing the language.

More than 16 per cent of the national budget is spent on education. Since 1964 the amount has increased more than tenfold.

The constitution makes elementary education compulsory from the age of six, in theory it ends at age 12 but in practice the desire to go on to higher forms of education is so intense that until recently admission to the next stage—the middle school—could be obtained only after passing severe examinations.

The selection process has been changed gradually to raise the school leaving age. Computer analysis, based on teacher recommendations, is used to direct pupils to the middle school most suited to their capabilities.

The system eliminates the use of private coaching to pass entrance examinations for the most fashionable schools.

The change has produced a rapid increase in the number of elementary school leavers entering middle school and, also, it is said, in their quality.

The third level of education, the first would expect

from South Korea's involvement with the United States, the high school. They are divided into two classifications: academic and vocational. If the academic stream has any failing it is to the over-emphasis on preparation for the intensely competitive college or university entrance examinations.

That is changing, with a move towards more comprehensive curricula. But there is some resistance, mainly from parents who still regard high school education as a sort of cramming course, the success of which is judged by its ability to get their sons and daughters into the best universities.

The traditional concept of education has long been classical and the move to vocational training is still far from popular. In an attempt to change the emphasis in high school education, the Ministry of Education is trying to provide vocational buildings and facilities which are as good as those of the best academic high schools.

There are many privately-run colleges and universities. Some do not meet acceptable standards but since the early 1960s they have all come under the direction of the ministry.

The industry sets minimum standards of admission and graduation, but the quality of graduates is still hampered by "mass production" techniques. Korea had one university in 1946. Today it has 72 universities and colleges. In the same period the number of teachers has increased from about 20,000 to 200,000 and the number of students from 148,000 to 900,000.

About 60 per cent of high school graduates apply for university admission but only 35 per cent find a place. Universities and colleges do not have the close relationship with industry which is such a feature of western education. They are well aware of the deficiency and are trying to rectify it.

As in western countries Korea has been responsible for much of the civil engineering on the big projects. Construction firms have become increasingly successful, winning big orders overseas, including two \$50m contracts in Saudi Arabia this year.

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c.w. A stretch reeling machine at the Tong Yang Nylon Company factory.

textile industry is the east and largest in South Korea. It is also the most prosperous, particularly in areas which is now bearing the brunt of drastic government attempts to switch the country's depressed export markets.

South Korea's lack of South Korea's economic resources is the reason for the European Community's insistence on the right to avoid over-investing in the present circumstances. At the same time, government officials, industrialists and exporters insist that the present dependence on regional and hard currency earnings be gradually reduced by the country's diversification into other areas.

For a country with an abundance of cheap labor, it was inevitable that textiles should be one of the first industries to develop for domestic and foreign import after the war ended in 1945. That was not to provide an export market for the country's huge needs of the local population.

At the beginning of the 1950s, the industry was still unable to meet domestic demand. Imports of textiles were, however, that by 1955, was exporting goods worth a value of \$24m a year. By 1974, this had grown to a value of \$430m, with exports of 37 per cent of the country's total exports and 34 per cent of manufactured exports.

Initially, South Korea's textile exports consisted largely of cotton and woolen fabrics. In the second half of the 1960s, it entered a new era with the mass introduction of chemically produced fibres and the manufacture of completed garments.

By 1968 exports of knitwear exceeded those of fabrics and accounted for 30 per cent of total textile exports. That turned out to be temporary, and by the 1970s fabrics were again dominant.

Large manufacturers expanded their production capacity at a remarkable rate. In the case of cotton textiles, fine spinning machines and weaving machines increased from 462,000 spindles and 30,000 looms respectively at the beginning of the decade to 1,308,000 spindles and 44,000 looms by 1973.

That was almost entirely because of booming demand from the developing countries. In fact, to judge the purchasing power of the market, it was pointed out that while the average number of spindles for each factory in South Korea is now more than 70,000, the average in Japan is about 50,000.

Even more impressively, expansion has taken place in woolen manufacture. While the output of cotton fabrics has increased threefold, woolen goods are 20 times greater than it was. At the inauguration of a

domestic petrochemical industry, mixed spun products have helped to make South Korea one of the biggest textile producing nations.

The parallel development of a chemical fibre industry and a petrochemical industry has also reduced one of the restricting factors inherent in the use of natural fibres, the need for a favorable weather condition.

The first chemical fibre plant was opened in 1959 by the Mifin Chemical Fibre Company with the production of vinylon. Similar ventures for viscose rayon, acrylic, polyester, polypropylene, polyester and acetate rayon began between 1966 and 1970.

As a result, daily production of textile expanded from 21 mm in 1966 to 344 tons a day in 1973. By 1970 the output of chemical fibres was more than capable of meeting domestic demand of 1,000,000 tons was exported.

Most of the raw materials, particularly the all important caprolactam, had to be purchased abroad, using a stable dollar in place of the country's meagre supply of "hard" currency. However, with the advent of the USA petrochemical complex in Incheon, the raw materials have been gradually eliminated.

Domestic production of AN monomer, another key material, has increased to about 80 per cent of local demand.

Strangely enough for such a young industrial country, one of the most serious difficulties facing the textile industry is the large amount of obsolete machinery in use. It accounts for about 40 per cent of its spinning capacity, 30 per cent of its weaving and up to 10 per cent of the remainder.

But South Korea is more fortunate than almost all its competitors in the abundance of cheap labour. In many cases that offsets the worst effect of outdated plant.

Some of the factory noise levels are frightfully high and unless completely improved, will create permanent disability among workers. Until now, however, the relentless drive to produce more and more has been the overriding factor. The present recession in world demand for textile goods must be used as a breathing space to modernize plant.

"As always the major criterion is South Korea's ability to finance overseas purchases of new, up-to-date machinery. On the other hand, the country is well aware that with machinery manufacturers everywhere in urgent need of orders the time is ripe to buy cheaply.

The Government has established a carefully phased replacement program and is providing direct subsidies to manufacturers. The amount avail-

able is severely limited and will leave enormous sums to be raised from private sources.

Koreans are quick to point out that the provision of cash subsidies for modernization is not an export subsidy. Textile goods and textile goods to be dumped on world markets. They make justifiable comparison with the British Government's massive financial commitment to the modernization of British Laysan.

Cerement officials say that there is no direct subsidy—hidden or otherwise—on the export of textile goods and no export price controls. They insist that manufacturers must employ the most efficient systems of price checking to avoid unfair and excessive competition.

But the fact remains that low average wages allow the Koreans substantial profit margins to use in winning new orders.

As one Korean businessman put it: "The tougher the going, the better we like it. We are very aware that in most areas, particularly in new markets. Our problem is that time is not on our side. We have been committed to large expansion projects in the past and with such success that even the maintenance of our existing export levels is a serious retrograde step."

C.W.

by Peter Hill

Little over three years, the sinking of South Korea's overseas, from the 1950s, obscuring to make the try one of the most building nations of the id. It has been a remark- story of development aggression, a fear of ning and coordination the Japanese id find difficult to emu-

oever, it is a pro- ma that has soured. expansion of the Korean building industry could fly have occurred - a so time, for the interna- tional shipbuilding market is faced with its most ous crisis for years. and for new tonnage is not-existent and de- the large crui- sers (for which much of Korean capacity was red) has disappeared.

It was bitterly ironic that one of Korea's leading yards, Hyundai Shipbuilding and Heavy Industries, which embarked on a huge develop- ment programme in March 1972, was delivering its first large crude oil tanker to a building dock last November. In that same month the first spate of the all too necessary cancellation of large crude carrier orders, placed in the hectic days of the Arab-Israeli war, gathered momen- tum as shipowners began somewhat belatedly to appreciate the scale of the serious over-tonnage which faced the shipping and oil industries.

Faced with the desperate, international shipbuilding situation, Korean shipbuilders and government planners have been forced to recon- sider further expansion plans which, had they gone ahead, would have seriously im- paired the industry to build almost six million tons gross of new shipping every year by 1980. Production on that scale represents an average level five times greater than the United Kingdom ship- building industry's average yearly output.

Korea's policy in shipbuilding, using the Japanese per- formance as a base, was in essence to beat the Japanese at their own game, turning the large Japanese shipyard volumes at highly competi- tive prices, and almost entire- ly for overseas customers. But the Koreans now find themselves locked into the same competitive trap as the large Japanese yards, and there is little prospect of the picture brightening in the short term.

As a result of the decline in demand for the large oil tankers for which the industry was geared, Korean yards are being forced increasingly to build smaller and more advanced types of facilities which were designed for the series production of large oil

tankers. This is far from the most economic or profitable use of capacity.

The industry is striving against considerable disadvantages in its efforts to survive. Some yards have been fortunate in attracting alternative vessel types so that there is today sufficient work in hand to keep them busy throughout the year. The delivery period may be shortened further if some of the existing orders for large tankers are cancelled by customers who remain pessimistic about the possibility of obtaining work for their ships.

The output of the Korean industry should continue to grow, although far short of the rate planned less than two years ago. Even so, the performance is impressive.

In 1970 Korea produced over 2,000 tons gross of new tonnage; in 1973 it had risen to 14,000 tons (although in the two

previous years it had been 'seasonally higher' in 1974 production rose to 13,300 to 313,000 tons, reflecting the delivery of the first two large tankers from the Hyundai yard at Ulsan.

Hyundai began breaking the ground for its new facilities only in March 1972 and started building its first tanker a year later. Its three huge building docks are now all in operation, although one of them has now been leased to a subsidiary of its affiliate company, Hyundai Mipo Dockyard, which by next year will be operating two further repair docks.

Hyundai's development involved a considerable amount of British assistance. The United Kingdom consultancy company, A. & P. Appledore International, provided expertise on the design and lay-out of the company's facilities through an agreement reached with the lower Clyde yard of Scott Lithgow, the

Scottish shipbuilding company trained Korean personnel and provided its specifications for large oil tankers to be built by Hyundai.

The industry's present order book totals 1,316,000 tons gross with a large part accounted for by Hyundai.

Apart from a series of a large oil tanker orders, Hyundai is building a number of 76,000 tons deadweight bulk carriers and a series of 15 cargo liners for Kuwait Shipping.

The yard managed to attract 10 of the Kuwait orders last November and they are being built to a design prepared by the United Kingdom company Shalby Shalby, which collected the first part of the Kuwait orders. But the Korean yard captured the follow-on order which Govan had hoped to obtain because it was able to offer the prompt deliveries it was prepared to guarantee. All 15

are scheduled to be delivered by October next year.

By August 1977, a further demonstration of the company's anxiety to establish itself as a builder of more advanced ships and to carve out a niche outside the large crude carrier construction business.

Another big yard, Daewoo Shipbuilding at Pusan, has three 9,300-ton bulk carriers on order, which it is building for the United Kingdom Bulk Carriers Association. With a delivery between next April and April, 1977. The other main yard at Pusan, the Korean Shipbuilding and Engineering, has orders for four bulk carriers and production tankers stretching forward only to October next year.

The company is going ahead with construction of a new yard on the island of Koje, which on the basis of original plans would have contained a shipyard consisting of five 300,000-ton dry docks and six 150,000-ton

dwft bulk carriers, with a fact that to build vessels of up to one million tons. Company officials claim that the project will not be altered completely but clearly will be considerably modified in the changing circumstances.

Another company, Korea Shipbuilding, is also going ahead with a new project on Koje but, instead of two, there will be only one 80,000-ton dwft building dock. Other projects have failed to get beyond the drawing-board stage.

Jishikawajima - Harima Heavy Industries, the large Japanese shipbuilding company, planned to develop a one million-ton facility as a joint venture with the Japanese company, Harima Heavy Industries, but this project has been postponed indefinitely. Other developments planned by Hyundai are not likely to go ahead, as all the plans have been promoted and fostered by Korea's Ministry of Commerce and Industry had been realized. The industry would have reached its annual output level of six million tons by 1980, rising to nine million tons by 1985.

Korea's shipbuilding industry is faced with 120 vessels which will be in short supply. Companies have shown that they are not prepared to sit by idly until the international economic climate improves and are tackling every opportunity to attract new orders and to ensure that expensive facilities are kept in operation. Korea has the advantage of low labour costs compared with other advanced shipbuilding countries. Its determination to secure business to employ its large labour force and earn valuable foreign exchange can only undermine still further the position of other shipbuilding countries.

The author is Industrial Correspondent, The Times.

Chairman : Sung Whan Kim, Governor of The Bank of Korea

- The Bank of Korea (Central Bank)
- The Korea Development Bank
- The National Agricultural Cooperative Federation
- The Cho-Heung Bank, Ltd.
- The Commercial Bank of Korea, Ltd.
- Korea First Bank, Ltd.
- The Han-II Bank, Ltd.
- The Bank of Seoul, Ltd.
- The Medium Industry Bank
- The Citizens National Bank
- Korea Exchange Bank
- The Korea Housing Bank
- Korea Trust Bank

Korea. Can there be a better place for your money just now?

In the last 10 years, Korea has been one of the fastest-growing economies in the Far East.

The oil crisis did create some hardship, but in spite of it, in 1974 Korea achieved a growth rate of 8.2% in real terms.

The Government of Korea will carry out its long-term economic development plan without any deviation from its original objectives: To build a strong, prosperous, technologically advanced economy.

As a growing economy, Korea offers the ideal climate for foreign investment.

Labour is abundant, well educated, and very hard working. It is also, of course, very productive in terms of labour costs.

However, low-cost labour is just one of the many attractions Korea holds for the foreign investor.

On these pages, you will find many more.

The policy of the Korean government towards foreign investment

It is the policy of the Korean government to actively encourage, protect, and manage foreign capital. We believe it will contribute to the sound development of the Korean economy. It will improve our balance of payments, and help introduce advanced technology to the Korean economy.

Our rules concerning foreign equity ownership

We have no legal limit as to the share of foreign participation in an investment. However, the Korean Government, in granting authorisation, prefers joint ventures to 100% foreign ownership.

1. Foreign equity investment will be allowed up to 50% in principle. But in the following cases, probationary treatment in applying this ownership ratio will be allowed for a certain period of time:
 - a. Entirely export-oriented projects which do not conflict with related domestic Korean enterprises in terms of markets, and which make a substantial contribution to the improvement of technology in the industry concerned.
 - b. Technology-oriented, or so-called 'brain' projects which either produce or induce production for export, or import substituting products that are of utmost importance to the national economy.
 - c. Projects of multinational corporations which are allowed by other countries to be solely owned by foreign investors in order to have exclusive use of their confidential methods of production, business operation, or patent rights, and which are desirable to introduce into the country.
 - d. Projects which are desirable to induce the formation of industrial structures, and which take considerable time to attract local investment due to the capital requirements, technological capability, initial risk etc.
2. Investment projects introduced from a country which has

hitherto made little or no investment in Korea, and which is expected to foster or promote increased investment in the future.

1. Projects for which exceptional consideration is given under the terms of international treaties concluded with Korea.
2. The local partners must hold more than 50% of the total shares for those projects which are:
 - a) Purely labour-intensive.
 - b) Purely bonded processing.
 - c) Dependent on domestic resources for major raw materials.
 - d) Oriented to sales of products in local markets.
3. When it is deemed necessary to increase the rate of the local investor's participation in the management, investment by non-voting stocks, non-voting and redemptive stocks, or loans without repayment guarantee etc., may be permitted.
4. In particular industries, such as electronics, machinery, electrical equipment etc., which are established in regions or industrial estates, and which the Economic Ministers Council shall determine, the principles controlling equity ownership of investment may be flexibly applied in order to induce industry in regions that need development, and to promote regional industry.

Our rules concerning project eligibility

The government has established the following criteria with respect to project eligibility.

Eligible projects

- a. Large-scale complex projects including metal, machinery and electronics which it is impossible for domestic Korean enterprises to undertake because of limited capital, technology and managerial skill.
- b. Export-oriented projects which it is difficult for domestic Korean enterprises to export, or which are economically inappropriate for them to undertake.
- c. Projects which contribute to the development and utilisation of domestic resources.
- d. Projects which are urgently required for purposes of import substitution, because of insufficient domestic production.

Non-eligible projects

- a. Those which will disrupt domestic demand and supply of raw materials and intermediary products.
- b. Those which compete with existing export industries in the overseas market.
- c. Those which are solely aimed at financial support for existing domestic enterprises.
- d. Those which are solely aimed at deriving profit from utilisation of land.

Some important incentives and guarantees for the foreign investor

Tax privileges under the Foreign Capital Inducement Act

1. Exemption and reduction of income tax and corporation tax

Income tax and corporation tax on foreign-invested enterprises are exempted or reduced in proportion to the percentage of stocks or shares which are owned by foreign investors in those enterprises. (In the event of a capital increase, both income tax and corporation tax are exempted or reduced in proportion to the increase in capital.) Foreign-invested enterprises are exempted from these taxes for 5 years from the initial reckoning date laid down in the Income Tax Law and the Corporation Tax Law respectively, and for the ensuing 3 years they will obtain reduction of the taxes by 50%.

2. Exemption from acquisition tax and property tax

Foreign-invested enterprises are exempt from acquisition tax from the date of registration, and property tax from the initial reckoning date laid down in the respective tax laws. Even before the registration of a foreign-invested enterprise, it may be exempted from acquisition tax and property tax on the property acquired for the original business purpose of the enterprise. They are exempted from these taxes for 5 years in proportion to the percentage of stocks or shares owned by the foreign investors, and will obtain reduction by 50% for the following 3 years.

3. Exemption from and reduction of tax on dividend income

Income tax and corporation tax on dividends paid out of profits and distribution of surplus are exempt for 5 years from the commencement of business operation by a foreign-invested enterprise, and reduced by 50% for the ensuing 3 years.

4. Exemption from import duties

Import duties, including customs duty, commodity tax, and textile products tax are exempted on capital goods imported by a foreign investor under import authorisation for capitalisation.

5. Exemption from tax on interest income

On interest, or other income received by a creditor under a loan contract, income tax and corporation tax are exempted.

6. Exemption from and reduction in tax on technology income

Income tax or corporation tax on payments for technology paid to the supplier of the technology under a technology inducement contract is exempted for 5 years from the date of the authorisation of the loan contract, the technology inducement contract, and reduced by 50% for the ensuing 3 years.

7. Elimination of tax incentives

Tax may not be exempted or reduced at the request of the foreign investor, creditor or the supplier of technology.

Tax privileges under tax laws

1. Exemption from wage and salary income tax

Foreigners sent to Korea with a Government agreement, foreigners engaged in a foreign-invested enterprise prescribed in the Foreign Capital Inducement Act, and foreigners furnishing services under a technology inducement contract, will be exempted for 5 years from the date of registration from wage and salary income tax if they file an application for tax exemption with the head of the district tax office. This tax is exempted in proportion to the

percentage of the wages and salaries as against that of the global income.

2. Tax credit on investment

Six per cent of the total amount of investment may be deductible from the amount of income tax or corporation tax, in cases where both domestic and foreign investors are making investment in shipbuilding, iron making, steel making, leadmaking, chemical fertilizers, power generation, chemical fibres, major automobile parts, machines, chemical pulp, soda ash, mining, marine and livestock products processing industries, national land development projects, and the petrochemical, electronics, and heavy and electric power industries.

3. The application of five-fold rates of registration tax

Five-fold rates of registration tax are applied to registration of real estates, business offices, factories and facilities of corporations in Seoul and Pusan. However, the five-fold rate of registration tax shall be applied to foreign-invested enterprises engaged in manufacturing.

4. Exemption from capital gains tax

In cases where land is invested in kind for the establishment of a foreign-invested enterprise under the Foreign Capital Inducement Act, capital gains tax may be exempted.

5. Deduction of presumptive dividend tax

In cases of foreign-invested enterprises prescribed in the Foreign Capital Inducement Act, 50% of the amount of presumptive dividends is deductible from tax.

6. Changes in methods of computing depreciation

Methods of computing depreciation may be changed with the approval of the director of the district tax office.

7. Special depreciation allowances

Special depreciation is allowed, in addition to the amount of ordinary depreciation, on fixed assets used in the following businesses:

- a. Machinery and equipment for mining or manufacturing. 20% is added.
- b. Heavy equipment used in national land construction projects. 20% is added.
- c. Fixed assets for export business - 30% is added in cases where the amount of foreign exchange income accounts for 50% or more of the total amount of income. An amount is added, calculated by multiplying an amount equivalent to 30% by 200%, if the foreign exchange income accounts for less than 50% of the total income.
- d. Fixed assets of a 'green corporation'. 20% is added.
- e. Research facilities for the promotion of science and technology, and machinery and equipment for medium and small-scale manufacturing and mining. 30% is added.

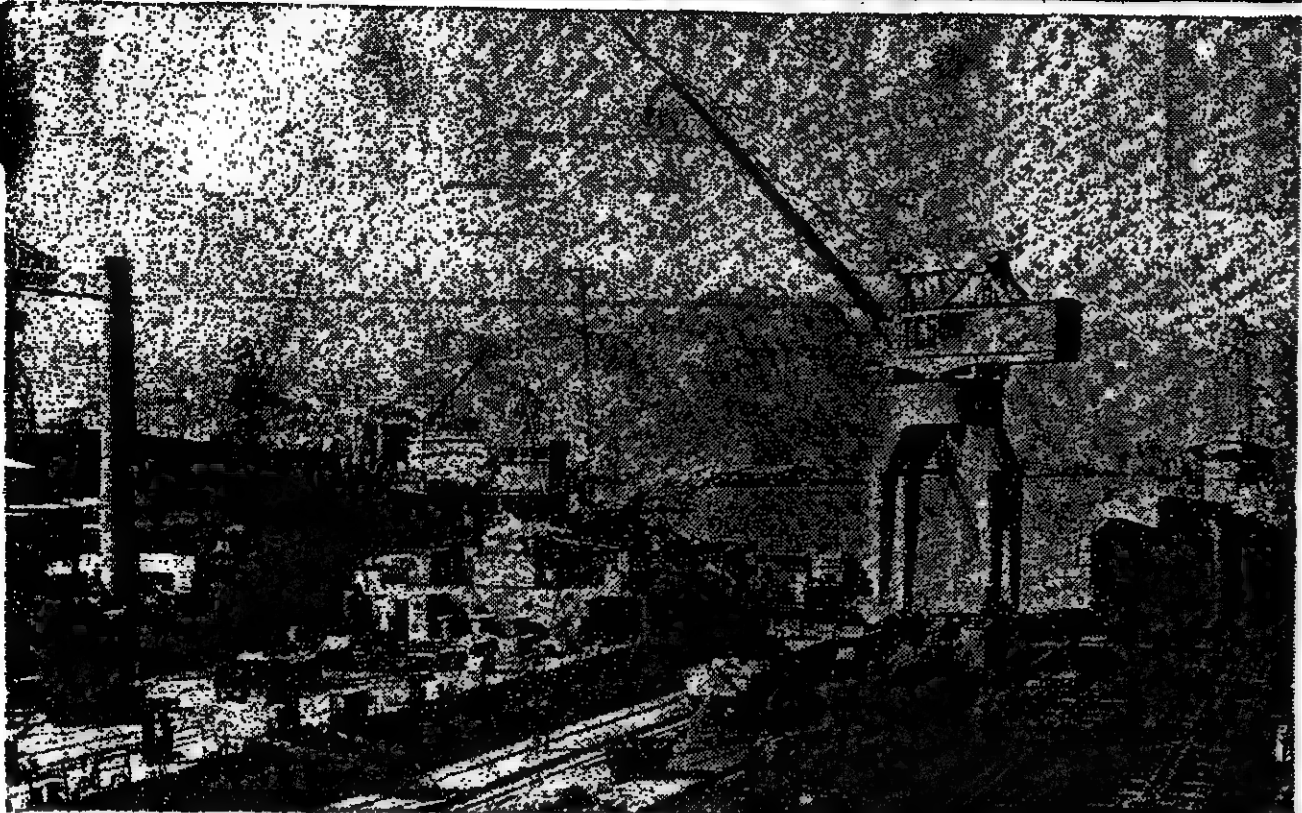
However, in cases where any of the foregoing businesses duplicates any other of them, only one will be chosen for application of the special depreciation rates.

8. Tax exemption and reduction for disaster

In cases where an enterprise is unable to pay tax because of a loss of more than 50% of its business assets due to an Act of God or any other disaster, corporation and business taxes on the enterprise may be exempted or reduced according to the ratio of the value of the lost assets.

Guaranteed remittance of dividends and profits

The unlimited remittance of profits is guaranteed. The repatriation of principal is guaranteed after a year from the date when the foreign investment enterprise begins its business operation. However, the Minister of the Economic Planning Board may limit the annual amount of principal that may be



repatriated by up to 20% of the invested amount, taking into account the foreign exchange holdings.

The Reinvestment of profits is permitted
A foreign investor may reinvest in the same foreign-invested enterprise up to the amount of his original investment. If the reinvestment amount exceeds the amount of the original investment, authorisation must be obtained.

A guarantee of protection for property
All property belonging to foreign-invested enterprises is guaranteed, and protected from requisition or expropriation under the pertinent laws and decrees. The same rights, privileges and protection enjoyed by Korean nationals are extended to foreign nationals and enterprises except in cases specifically prescribed by law.

What we can do for you in return

The Bureau of Foreign Investment Promotion, at the Economic Planning Board, can give the foreign investor all kinds of help.

They can give you information about economic conditions, laws, procedures, investment opportunities, and give you all kinds of guidance and advice.

They receive investment applications and review them. They'll help foreign investors obtain import licences, land, building materials, power and water facilities, and solve any problems or difficulties they might encounter.

The right man to give the right help

The Bureau has representatives of various government ministries and agencies to help you with particular problems. call it the "one-stop service."

Ministry of Finance
Permits for repatriation of capital subscription and remittance of dividends and profits.

Permits for remittance of salaries for foreign staff, engineers, and employees of foreign-invested enterprises.

Ministry of Justice
Permits for extensions of staying period for the foreign investor.

Permits for re-entry into Korea.

Permits for change in entry status.

Granting entry to Korea.

Ministry of Commerce and Industry
Will check the domestic availability of products, relationships with domestic industries, and possibilities for increasing employment and converting into export industries.

Will check the prices of imported goods in comparison with world market prices, review production capacity, and domestic and foreign demand.

Will review the possibilities for procuring raw materials, foreign exchange earnings, and advise you on the ratio of domestic production and sales prices.

Ministry of Science and Technology
Will review the technological inducement contract.

Will review the level of salaries, and per diem of foreign technicians engaged in foreign-invested enterprises.

3. Will review the invitation programme for foreign technicians, and the overseas training of domestic technicians engaged in foreign-invested enterprises.

The Office of National Tax Administration

1. Gives advice and information on tax matters related to foreign investment.
2. Will exempt or confirm withholding tax on imported capital goods.
3. Give notice of confirmation of status of foreigners engaged in foreign-invested enterprises.

The Office of Customs Administration

1. Furnishes consultative advice on customs regulations for foreign investment.
2. Gives guidance concerning customs clearance procedures.
3. Gives confirmation of investment in kind.

How to go about investing in Korea

1. You submit an application for investment authorisation

First, a preliminary investigation on the investment should be made, and an investment plan drafted. Then an application for the authorisation of the foreign investment or technical inducement contract, together with other necessary documents, should be filed with the Economic Planning Board.

2. The review of applications

Upon receipt of the application, the Board will review details of the proposed project, and conduct an economic feasibility study in co-operation with the foreign investment promotion officers stationed at the Board. They will also seek the opinions of related government ministries on such matters as technical, feasibility, prices, facilities, production capacity and sales plans. The ministries concerned are required to submit their opinion to the Board within 20 days of the receipt of the application.

3. The deliberation committee, and the review committee

The Board submits investment applications with its opinion to the Foreign Capital Inducement Deliberation Committee or the Foreign Investment Review Committee for final approval.

The Deliberation Committee, of which the Minister of the Economic Planning Board is chairman, deliberates and decides upon applications exceeding one million dollars, and technical contracts whose cost exceeds 3% of net sales proceeds with 3 years maturity. The Review Committee resolves applications of one million dollars or less, and technical contracts whose cost does not exceed 3% of the sales proceeds with less than 3 years maturity.

4. A notice of authorisation

When the Deliberation Committee has approved or authorised the investment, the Minister of the Economic Planning Board will serve a notice of authorisation to the applicant.

5. The issue of a letter of confirmation on the list of important capital goods

After receiving an authorisation, the applicant may obtain a letter of confirmation from the competent government office on capital goods to be imported.

6. A confirmation of exemption of withholding tax in imported capital goods

Once a letter of confirmation on the exemption of withholding tax on imported capital goods has been submitted to the official in charge of ONTA stationed at the Economic Planning Board, together with a copy of that letter, a confirmation of the exemption of withholding tax will be made according to the provisions of the tax laws.

7. An authorisation for import of capital goods

The authorised enterprise is required to capitalise goods for investment within 18 months from the date of authorisation.

8. Construction of industrial plant

Construction work on industrial plant may be started immediately after obtaining authorisation for the investment.

9. Registration of the enterprise

A foreign-invested enterprise must submit an application for registration to the Economic Planning Board, together with a full report concerning the foreign capital, and documentation showing the completion of the stock subscription thereof, to obtain a registration certificate. This certificate is necessary for obtaining tax exemption and reduction.

Doing business in Korea. Some facts

1. Establishing a local company

The form of company most often used by foreign investors is the joint stock corporation.

In Korea, the legal concept and regulations relating to the joint stock corporation are very similar to those found in the USA, Japan, and Europe.

To establish one, Articles of Incorporation must be drawn up and notarized. (Seven or more promoters are needed for the incorporation of a joint stock corporation. None of them need be Korean.)

After incorporation, the number of shareholders may be reduced to one.

The minimum per value of a share is ₩500, and shares must be registered as common or preferred. Common shares must carry voting rights.

An application for registration must then be made to a District Court.

Upon registration and payment of the registration tax (2% of capital) the company is permitted to do business.

From this time, it can enter into contracts, acquire rights and obligations, possess intangible property such as patents and copyrights, own real estate, establish commercial credit, and undertake business transactions.

A company must apply to a district tax office for a business licence within 30 days of the commencement of business. The licence must be certified by government authorities twice a year.

An annual independent audit is only required for companies listed on the Korean Stock Exchange. The Korean Commercial Code also recognises three other corporate forms:

The limited partnership, the partnership and the limited company.

2. Licensing agreement

An alternative way into the Korean market is through a licensing or technological contract agreement.

Although Korea is not a signatory to any of the international conventions, Korea does regulate patents and trademarks for the protection of industrial property.

There are no specific limitations on the contents of such agreements.

Generally, priority for approval is given to technical and licensing agreements in the export and machine tool industries.

The government recommends that royalties and fees negotiated between the interested parties should be 3% or less of net sales, and the license period may run for more than 3 years. Payments are authorised on a case-by-case basis.

3. Patents and trademarks

Patents are granted for a 12 year period and are not renewable.

Trademarks, registered with the Patent Bureau of the MCI, are protected by law for 10 years, and may be renewable. Trademarks must be used in order to remain valid.

Foreign investors may register patents and trademarks in their own names, provided the foreigner's home country has a bilateral agreement with Korea.

In absence of this agreement, it is necessary to file with the Korean Government through a licensed agent.

Foods, beverages, pharmaceutical products, and items vital to national defense or the public interest are not patentable.

4. Foreign exchange control

The Ministry of Finance is in charge of foreign exchange control. The Bank of Korea, as the government's agent, executes part of these functions. The Korea Exchange Bank and foreign exchange banks, as well as the branch offices in Korea of foreign banks and financial and credit organisations are authorised to handle foreign exchanges.

If you would like to know more about opportunities for investment in the Republic of Korea, we will be glad to tell you more.

Just write or ring us at the following address:

Korean Embassy, 4 Palace Gate, London W6 5NF
Telephone: 01-581 0247

Republic of Korea

A better place for an investors money in 1975 would be hard to find.

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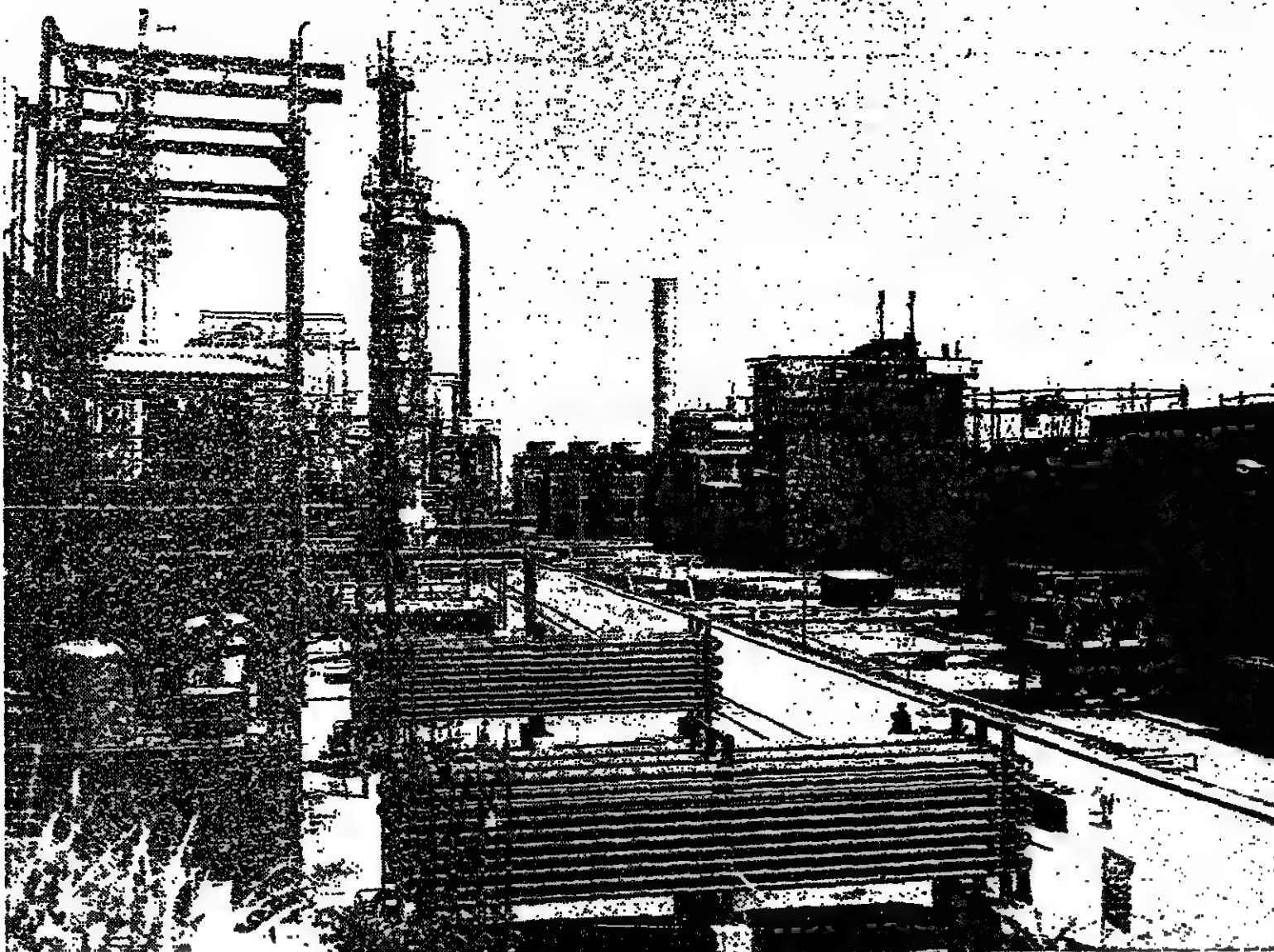
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The Honam urea fertilizer plant has an annual production of 123,700 tons.

Chemicals: progress but demand outpaces ability to supply

by Michael Johnson

As with almost every high technology industry, the chemical industry in Korea did not really begin to develop until the mid-1960s. Before that, a number of small firms were producing simple items such as soaps, paints, medicines (mainly proprietary brands) and some classic soda and sulphuric acid.

The chemical industry as it is today began to take shape during the first five-year economic development plan period (1962-66) with the establishment of two large-scale urea plants and, most important, construction and operation of the country's first refinery, the Korea Oil Corporation (KOCO) refinery. By the end of the first plan, demand for chemical products had expanded dramatically largely because of the rapid growth of the textile, ceramic and paper industries and to the diversification of the chemical industry itself.

During the second five-year economic development plan period (1967-71), high priority was placed on the development of the petrochemical industry in line with the worldwide trend for replacement of raw materials with petroleum-based feedstocks and the booming demand for synthetic products, particularly plastics and synthetic fibres.

As a result, a dozen petrochemical plants have been built around the KOCO naphtha cracking centre in Ulsan, including joint ventures by such large firms as Dow Chemical and Skelly Oil. Unlike most joint ventures in Korea, these firms are allowed to sell primarily on the local market and may only export limited amounts of their various products.

The chemical industry was chosen as one of the major target areas along with heavy industry and electronics, for the third five-year economic development plan (1972-76). Under this plan, construction of the Honam integrated chemical industry complex was launched in 1973 in the Yochun-Kangyang Bay area on the south coast some 200 kilometres west of Pusan. This complex, which is perhaps better known as the Yosu (or Yochun) petrochemical complex, is to contain another naphtha crack-



Mr Kim, the Prime Minister, greets Mr Peter Shore during the British Secretary of State for Trade's recent visit. Mr Chang, the Commerce Industry Minister, looks on.

ing centre with a capacity of 350,000 tons (ethylene basis) and downstream plants for production of low density polyethylene, high density polyethylene, Vinyl Chloride Monomer, ethylene glycol, SBR (synthetic rubber), and Caprolactam, as initial core units.

At present, the petrochemical industry in Korea is making great progress, but demand continues to increase faster than local production.

The industry nevertheless has been successful in saving a significant amount of foreign exchange, especially since the oil shock. Despite the fact that Korea must import every drop of crude it uses, some outstanding examples of import reduction include Polypropylene (26,490 tons in 1972 but only 1,974 tons in 1973), benzene (2,493 tons in 1969 and 10 tons in 1973) and VCM (4,767 tons in 1973 against 41,428 the previous year).

Dramatic as these figures may seem, however, the picture is not all that encouraging. Demand is rocketing, but there is little room for increasing production with the existing facilities. A number of firms are either planning or already in the process of expansion; others are coming in for the first time. But these new facilities will not be in production for some time to come and, even if they could be rushed to completion, they would still be dependent upon adequate supplies of ethylene, Propylene, Butadiene and aromatic which, in turn, means that more naphtha and naphtha cracking capability is required.

Given the small amount of land left for expansion in the present Ulsan industrial zone, the future development of the petrochemical industry seems hinged on the successful construction of the Yosu (Honam) integrated complex. Two Japanese firms, Mitsui and Mitsubishi, have expressed interest in undertakings in the area, as has Dow Chemical, of the Netherlands. The Japanese Government, however, has shown considerable reluctance to grant Export-Import Bank loan authorizations.

Even for such products as sulphuric acid and ammonia, which Korea produces in quantity (444,000 tons and 488,600 tons respectively in 1973), demand has grown at such a rate that 50,000 tons of sulphuric acid and 59,000 tons of ammonia had to be imported in the same year.

Official hope that when the seventh five-year plan in the Yosu complex is completed, this problem will be solved, but that will not be for a few years.

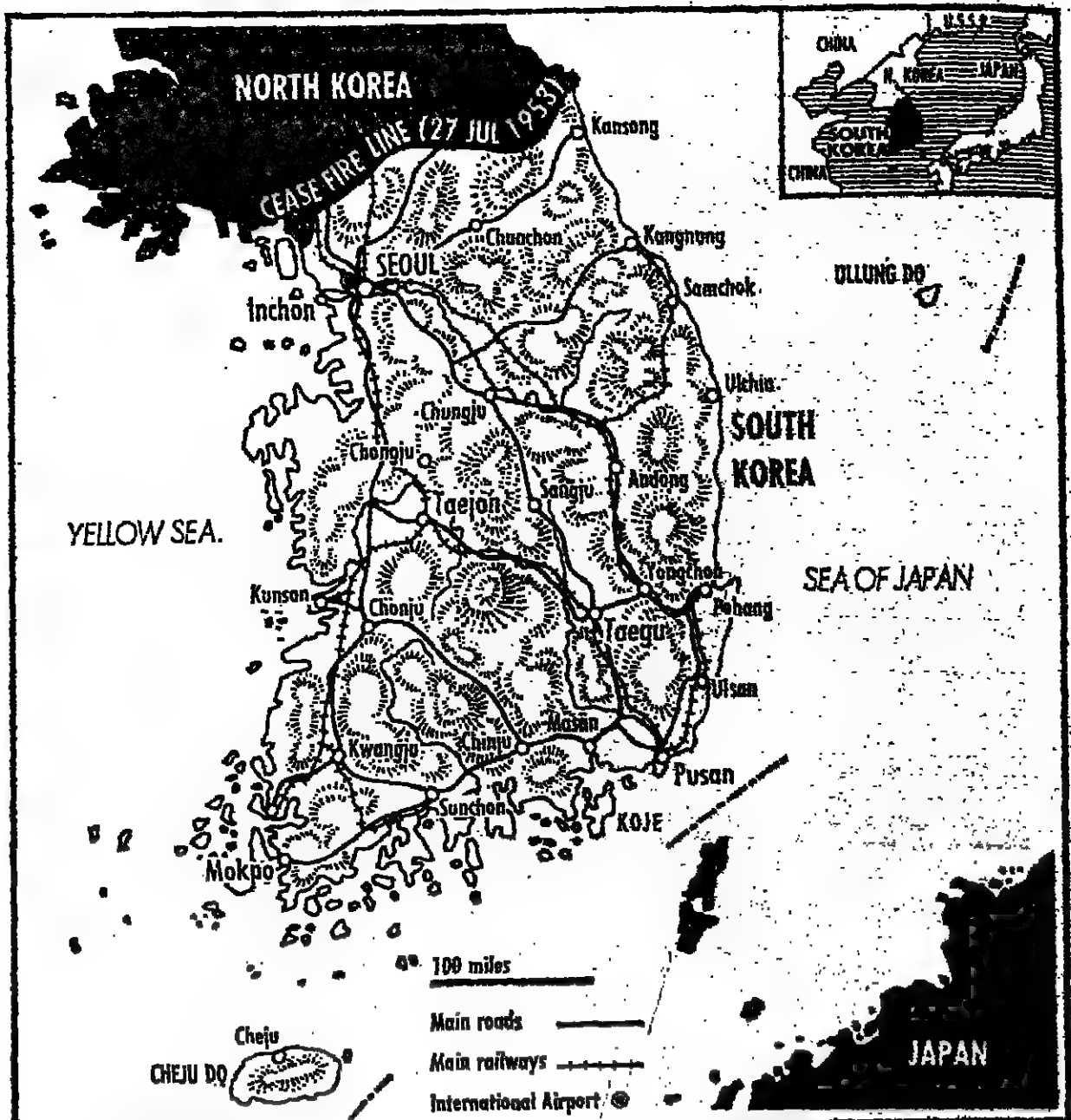
Chemicals are high on the list of the fourth five-year economic development plan (1977-81). Given the modest (by western standards) state of development of the industry in Korea, there will be numerous opportunities for foreign investment and, especially, provision of modern technology to the country's existing manufacturers.

Because of the importance attached to the sector, investors and suppliers of advanced technology will not only receive the usual incentives provided by the foreign capital investment law, but may also be granted special privileges, including permission to market a good portion of their production locally. The chemical industry therefore is among the more attractive areas for foreign activity in Korea.

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Assembly of television sets began in 1966.

Electronics: cheap labour attracts foreigners

by Clifford Webb

One of the most remarkable success stories of South Korea's industrialisation has been the electronics industry. Beginning in 1958 with the assembly of radios from imported components, it now employs more than 100,000 men and women in about 400 factories.

It was not until 1966, however, that world manufacturers began to appreciate the advantages of using Korea's abundance of cheap, diligent labour to solve the growing cost difficulties of such a labour-intensive industry.

First into the field were three American companies - Motorola, Signetics and Fairchild. That small beginning soon became a flood, with the Japanese leading the way. Today there are 168 Japanese electronic companies operating in Korea through 139 joint ventures and 29 wholly Japanese investments.

The United States came a poor second with 27, of which 14 are wholly owned. However, the American operations tend to be larger. In addition, there is a Dutch, a West German and three Hongkong companies.

As an indication of the extent to which foreign capital has poured into Korean electronics, the Ministry of Commerce and Industry reported earlier this year that of the \$724m invested by foreign enterprises in Korean domestic industry up to December

1974 no less than 17 per cent went into the electronics sector.

With a growth rate of nearly 60 per cent annually for the past six years - and the bulk of production going direct to hard currency overseas markets - it is hardly surprising that the industry accounts for nearly 6 per cent of the nation's total gross national product.

Such rapid development owes much to the aggressive support provided by the South Korean Government. In 1966 electronics was designated as a strategic export industry and provided with various financial aids and preferential tax treatment.

New importance began with plan

In 1969 a special Electronics Promotional Law was promulgated to provide an institutional foundation for the industry. Early production was confined to radio sets, telephones and similar low technology products. Because of a shortage of technical knowledge the work was mainly achieved by domestic companies entering into licensing agreements with foreign manufacturers.

During the first five-year development plan, however, electronics began to take on a new importance and in 1965 domestic production of record players began. That was followed a year later by the assembly of television

sets. The industry really began to develop in the late 1960s with the manufacture of semi-conductors such as transistors, integrated circuits and components for the booming computer industries of the world.

Since then tape recorders, desk and hand-held calculators and colour television sets have extended the wide range of Korean-made electronic products finding their way to world markets, often carrying the brand name of their Japanese and United States partners. Today about 80 per cent of output is sold in more than 50 countries.

From a total production of \$22m worth in 1965 the industry reached \$734m in 1974. In the same period exports grew from \$4m, representing 18 per cent of production, to \$553m, or 68 per cent of the total.

The production target for this year is \$790m, of which about \$620m worth are earmarked for export. But with demand in Japan and the United States down by about 28 per cent and 26 per cent respectively, that will take some achieving. To stimulate orders from depressed markets export prices have been lowered by amounts varying from 2 per cent on radios to nearly 30 per cent on calculators.

In spite of slackening demand, the Government is pressing ahead with expansion plans aimed at a six-fold increase in the value of production by 1981. However, there will be a small drop in the proportion exported - from 68 per cent in 1974 to 52 per cent in

1981. That is planned to take into account the growth of domestic demand as Korean wages increase and local materials are substituted for imports.

The expansion plan calls for a further 560 factories to be built at a cost of \$1,081m, of which it is hoped \$530m will be foreign investment.

In October 1973 the Government established an industrial estate at Gimje in Gyeongbuk province, near the Seoul-Pusan motorway, exclusively for electronic and allied industries. In addition to the provision of normal services for industrial estate users a wide range of incentives have been offered to foreign investors.

They have been exempted from a range of income, corporate and property taxes for the first five years and receive a 50 per cent reduction for the next three years. The remittance of profits and dividends is guaranteed from the first year and the remittance of principal foreign investment is guaranteed after two years of business operation.

It is not surprising that within a very short time 60 companies were in operation with room for a further 250 on the 2,600-acre site. By 1977-78 exports from the estate could be earning \$400m a year. The key attraction from

the beginning has been the low wages paid to everyone from a skilled engineer to a labourer. A new study produced by the Korean Ministry of Commerce and Industry, Investment Opportunities for the Electronic Industry, contains this significant statement:

"At the present time Korea has no legal minimum wage system. Basic wages comprise only a portion of workers' income and vary with the size of companies or personal ability. The monthly starting wage is now £130 for engineers, \$50 for technicians, \$30 for workers and \$20 for clerical or administrative workers."

"Employers pay one to four months bonus annually to employees and serve usually one hot meal a shift, but this is not legally required. Transportation compensation is optional, depending on factory location."

The minimum age for starting work is 13, although employers are required to keep a register of workers under 18 and must obtain parental approval in writing. The standard working day in the electronics industry is eight hours a day for six days a week. But that can, and often is, extended to 60 hours a week or more.

Good attendance, frequently interpreted as 100 per cent attendance, must be rewarded by an extra eight days leave with pay a year. Workers who achieve only 90 per cent attendance in the eight days' legal holiday entitlements are a further 16 days a year.

Cars: big efforts to break into overseas markets

Leading South Korean industry has reached a stage in its development. Until now the car has been accorded a low rating in the country's economic development programme. Car-drivers are almost nonexistent. Of the 80,000 or so cars running on the roads, only a few are imported. The rapidly expanding network almost all are by professional firms employing full-time permanent departments in private industry.

The situation, however, has changed. It is now being brought about by government policy. It is aimed at dampening consumer demand, restricting the import of foreign cars, and encouraging the production of domestic cars.

At this year the only car available in South Korea is the locally assembled version of the British Ford. Opel and Chevrolet General Motors and General Motors Korea are also producing cars.

The Hyundai Pony saloon, scheduled for introduction in December, is a product of a British-inspired plant and is expected to make a large impact on the world market.

The Korean motor company with the biggest potential is undoubtedly Hyundai Motor, a subsidiary of the Hyundai group. Hyundai is already the country's largest shipbuilder, a major contractor of roads, ports, dams and power plants. It also produces more than 1,200,000 tons of cement a year and has a number of engineering companies, including motor component suppliers.

Hyundai has attracted a great deal of interest in Britain for two reasons. First, the construction of a fully integrated car plant with a first stage capacity of 80,000 cars a year is being master-minded by a Briton, Mr George Turnbull, the former managing director of British Leyland, and a team of six senior British engineers.

Second, the £50m project is being partly financed by a £20m loan from Barclays Bank covered by the British Export Credit Guarantee Department.

Perhaps the most telling factor in the dynamic personality of the company's Korean president, Mr Chung Se Yunk. He has quickly acquired a remarkable knowledge of the international motor industry.

He told me: "We plan to produce the first Hyundai Pony in December and we shall be on target. I want to begin exporting the Pony as soon as possible and to this end we are already surveying the most likely overseas markets. At the same time we are going ahead as quickly as possible with the designing of a range of trucks which will be powered by Perkins diesel engines manufactured in our own factory now being completed at Ulsan."

"We are already the largest producers of buses using some Ford components for city buses and Mercedes-Benz parts for de luxe highway buses."

The country's first fully integrated motor plant is nearing completion at Ulsan in the south-east. In addition to a fully mechanised assembly track it will have forging and foundry shops, sub-assembly manufacturing facilities, an engine build workshop and body, paint, and trim facilities.

The speed with which this is being done is remarkable. The first piles were driven into the reclaimed coastal site only eight months ago. Today the buildings are in the final stages of completion and machinery from Britain, Japan, France and other major motor manufacturing countries is being installed.

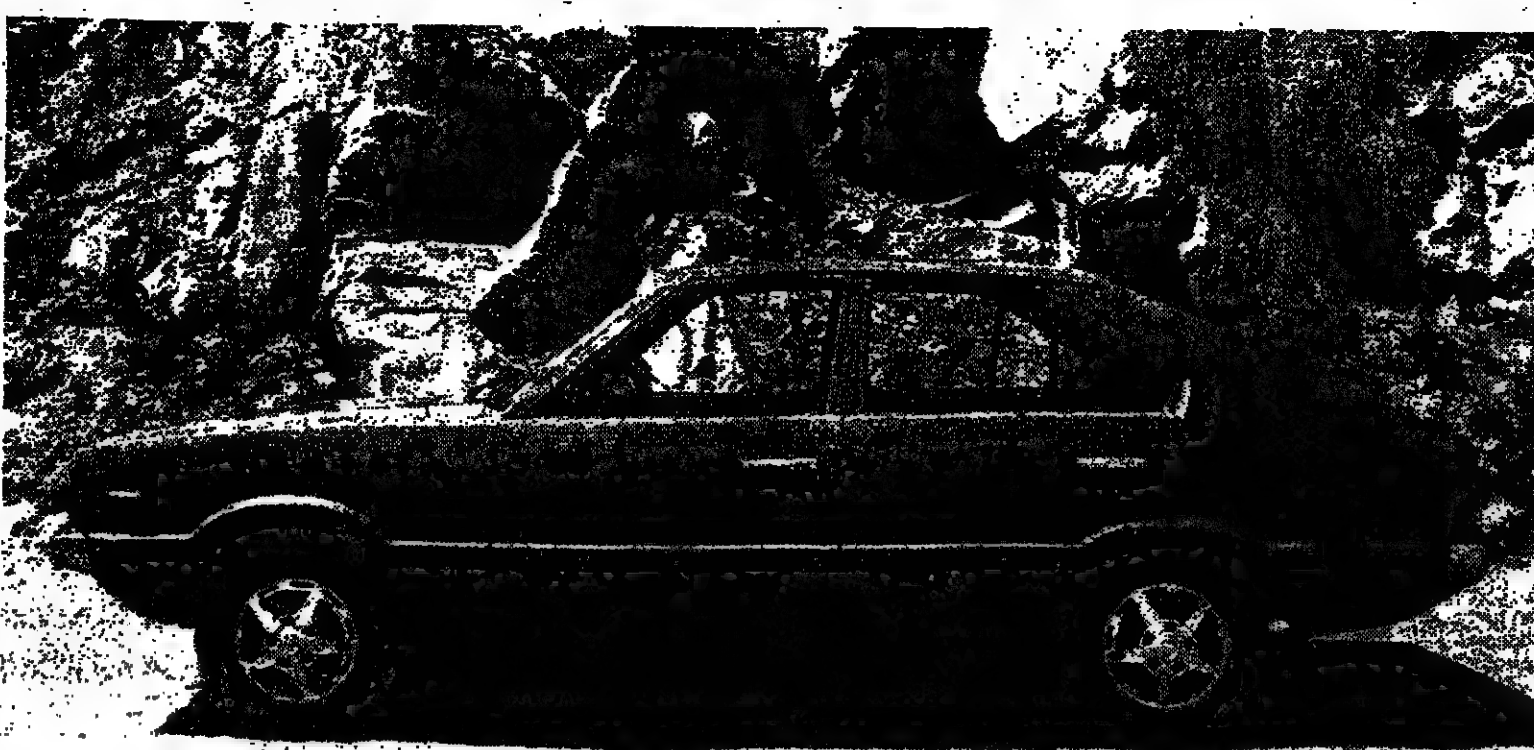
Prototypes of the first model, the 1200 cc Pony, are being tested to destruction by relays of drivers using a test track which reproduces severe road conditions. As a yardstick by which to judge the Pony's strength and reliability the tests are being conducted side by side with the Mitsubishi Lancer.

This Japanese model is widely acknowledged to be ideally suited for difficult conditions. It is also powered by the same engine and gearbox which Hyundai will manufacture under licence for the Pony.

To some extent the Pony's thunder has been stolen by another, much smaller manufacturer, Kia. At the end of last year Kia began producing under licence a 1,000 cc version of the Japanese Toyo Kogyo company's Familia. Known locally as the Brisa, this small saloon hit the market at the height of the oil crisis and was an immediate success. It won a substantial slice of the taxi business previously dominated by the Hyundai Corolla.

Kia executives claim that already 85 per cent of the Brisa is manufactured in Korea. But in view of the company's limited production facilities this claim is open to question.

Kia plans to manufacture 12,000 Brisas this year. And with the Korean market estimated to reach only about 17,000 to 18,000 new car registrations in 1975 that could be difficult for Hyundai.



The Hyundai Pony saloon, scheduled for introduction in December, is a product of a British-inspired plant and is expected to make a large impact on the world market.

Steel: bold plan pays off

by Peter Hill

Within the next eight years the capacity of the South Korean steel industry should be about 17 million tonnes a year. That is about the level of production which the British Steel Corporation will attain this year, against the background of the deepest recession that the international steel industry has experienced since the 1930s. Yet at the beginning of this decade domestic Korean steelmaking capacity amounted to just short of a million tonnes.

The Korean plans are bold and ambitious. But Korea has shown in the past that however daunting the target, it will not be deterred. The steel industry's development since the late 1960s has been geared to reducing the dependence on imported steel and providing a healthy balance of steel products for export, an element of some concern to established steel producers scrambling to fight the recession.

Before the Pohang Iron and Steel Company (POSCO), a state-run enterprise, began moving into production four years ago, there was a striking imbalance between the country's steelmaking capacity of 800,000 tonnes annually and its rolling capacity, which totalled some 2,200,000 tonnes. This situation meant that the country had to import large volumes of semi-finished steel for rolling.

At the same time steelmaking was fragmented between 17 different plants which included a 70-ton open hearth furnace, 30 Bessemer converters, numerous arc furnaces and 62 rolling mills.

Much of the industry's production facilities were old and at the beginning of the 1970s about 90 per cent of steelmaking furnaces and rolling mills had been built before 1960. Such a high proportion of obsolete equipment resulted in unwieldy high production costs. The construction of the country's first integrated steel mill, operated by POSCO with an initial capacity of a million tonnes, together with the expansion of other semi-integrated plants, was designed to reverse this situation.

It was in 1967 that the site for the new POSCO steel plant was selected and two years later the project was finalised with engineering knowledge provided by a consortium of Japanese companies, Yawata, Fuji and NKK. Construction of the hot strip rolling mill began in 1970. The other plant built as the first phase of the development programme embarked on by POSCO involved a 2,600-ton a day blast furnace, two 100-ton LD converters, a blooming and slabbing mill, a 600-ton continuous strip mill, a 1320 plate mill and a hot let mill. This involved a total investment of \$310m.

By 1973 the plant was operating on a capacity of more than a million tonnes, with 80 per cent of the coal and iron ore being imported. The main suppliers of iron ore were Australia (36 per cent) and India (36 per cent). Coal supplies from Australia accounted for nearly 70 per cent of the plant's requirements and the balance was met by the United States.

Two years ago South Korean steel consumption amounted to a little less than four million tonnes, a tenfold increase on consumption levels in 1964. Between 1965 and 1967 about 40 per cent of steel consumed was imported and although the import ratio had decreased to 15 per cent by 1973, the actual tonnage imported amounted to 573,000 tons, seven and a half times the level of a decade earlier.

Against this background Korean steel industry planners geared themselves to ensure that domestic capacity was able to meet the bulk of the expected 20 per cent annual growth in consumption in the period to 1983, which implied a consumption of 17 million tonnes.

Two years ago production at Pohang was 1,030,000 tons and this year will be about 1,200,000 tons, next year to 2,600,000 tons. This level of POSCO capacity is rather more than total Korean capacity of 2,360,000 tons annually two years ago. Further developments are in progress despite the recession.

The second phase of development at Pohang will be in two stages with capacity being lifted to 5,500,000 tons by 1979 and still further to 8,500,000 tons by 1981. There is strong competition for the contracts and Koreans have indicated their keenness to buy British where possible. Negotiations are at an advanced stage between POSCO and make tools.

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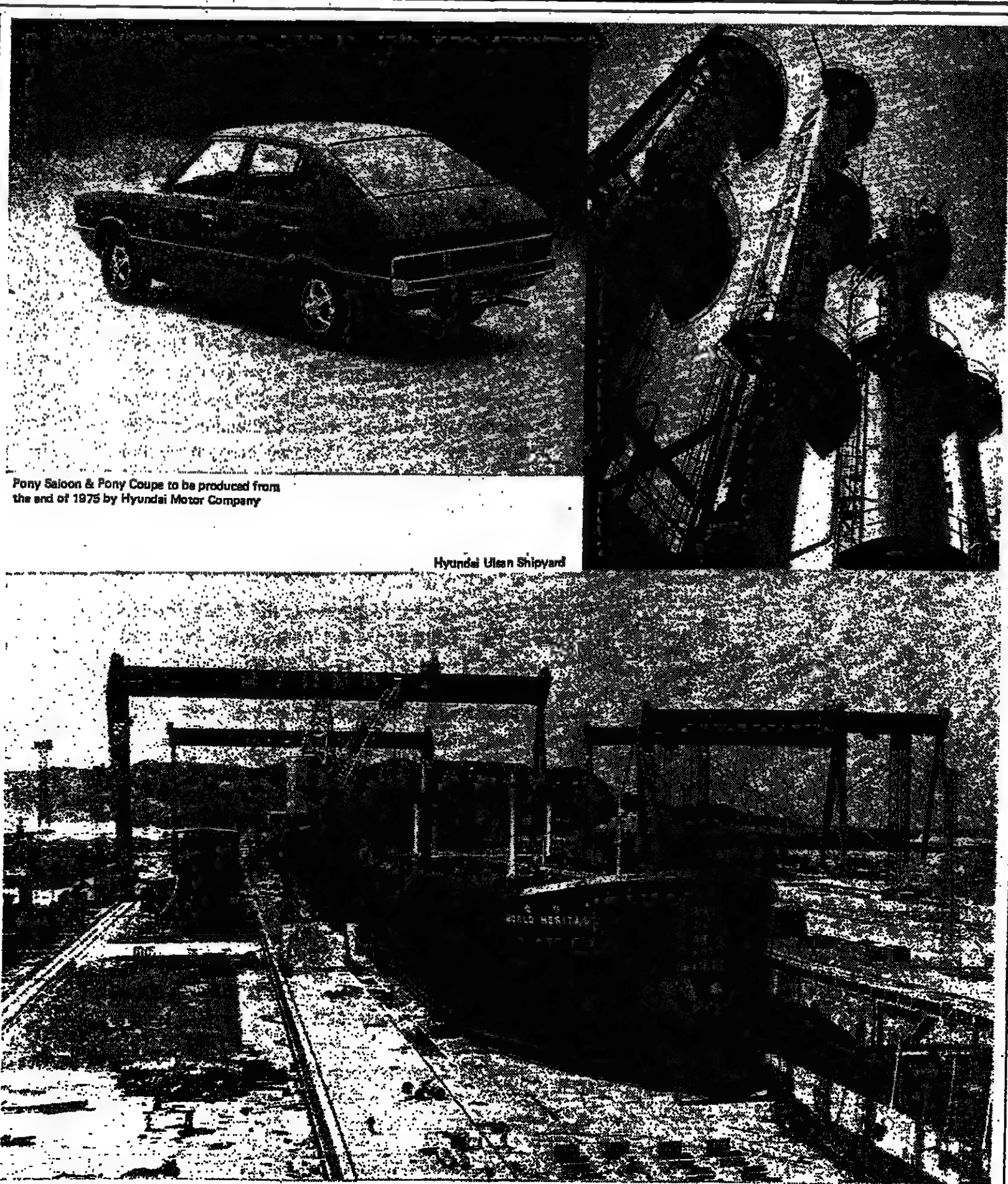
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Pony Saloon & Pony Coupe to be produced from the end of 1975 by Hyundai Motor Company

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Machinery: crash programme to make country self-sufficient

by Michael Johnson

Recognizing that modernization on a national scale is impossible without a well-developed machinery industry, Korea has embarked on a crash programme aimed at making the country self-sufficient as soon as possible by 1981. Other objectives include the establishment of fundamental research and development facilities and, to the extent permitted by national requirements, creation of an export market.

At the heart of the programme is the Changwon machine industry complex, a newly-created 10,700-acre industrial estate adjacent to Masan on the south coast. When fully-operational, the complex will house 104 plants on 4,313 acres and have a residential community of some 200,000 persons, complete with schools and hospitals, on a further 6,000 acres. Although these social facilities are lacking at present, some 30 companies have already been approved for admission and a number of them have factories on the way to completion.

An indication of the importance the Government attaches to the Changwon project is the list of incentives it offers to companies—foreign and domestic—to set up there. Improved land for sites is quite inexpensive at 9,100 won per pyong (480 sq ft) and easy credit—30 per cent down and eight years to pay—is available. Government credits for up to 37 per cent of construction costs are also possible.

Firms with foreign investment also receive all the incentives accruing under the foreign capital inducement law. These include tax breaks—100 per cent remission for five years and 50 per cent for the next three years—exemptions from customs charges for capital goods and certain raw materials imports, as well as guaranteed remittance of profits and, if desired, initial investment.

The need for such a programme is evident. Korea's economic planning now puts emphasis on the development of the heavy, chemical and electronic industries. Progress in these sectors is impossible without a machine industry, particularly machine tools. Low-grade machine tools such as lathes, drilling machines, milling machines and shapers are produced domestically and some exported to other developing countries. There is even a surplus of these kinds of machines in the country.

On the other hand, special-use and high-grade precision machine tools have been almost non-existent. Those that are available have been imported for specific projects and are not adaptable for other use.

The importance of machinery in the Korean scheme of things can perhaps best be illustrated by a brief examination of import statistics. In 1967, Korean imports totalled \$96.2m of which 31.1 per cent was machinery. In 1974 imports totalled \$5,852m (excluding crude oil) of which 31.9 per cent was machinery. Of these machinery imports, general machinery (mostly machine tools) has consistently made up almost 50 per cent.

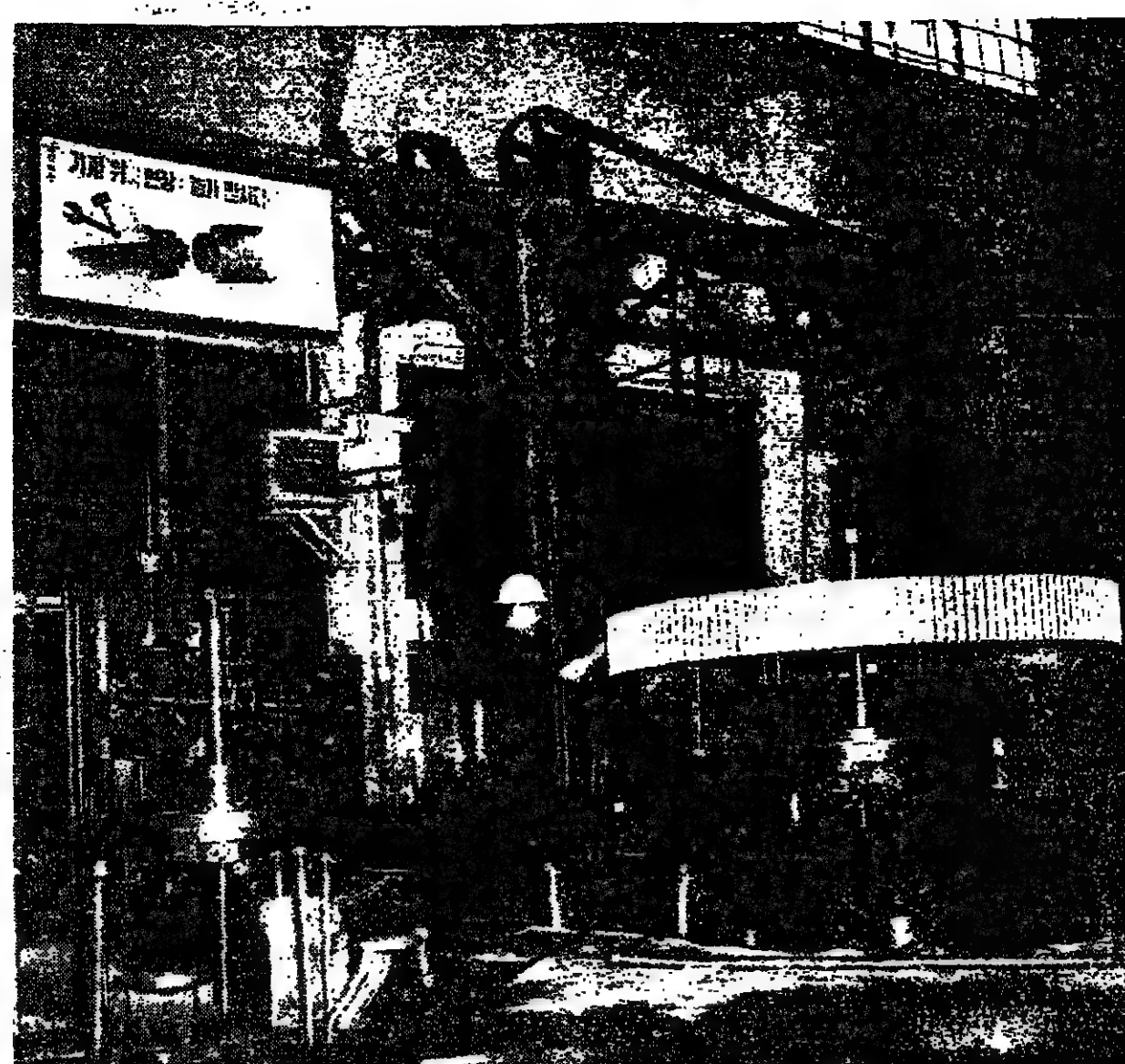
Electrical machinery has usually occupied second place, although in 1974 transport machinery moved up to that position because of exceptional purchases of ships and boats, many of them for scrap or container shuttle service.

Excellent labour resources

More than good intentions and careful planning are necessary to establish an industry, however. A country needs at least four basic raw materials—labour, technical knowledge, capital and physical raw materials. In this case special steels and non-ferrous metals. Until recently, Korea has benefited only from a pool of excellent labour resources.

With the coming on-stream of the massive Pohang Iron and Steel Corporation (Pocor), some iron and steel products are becoming available locally, but most special steels are still being imported. At least two companies are developing some special steel capabilities, but their total production is still far from meeting present, much less projected, needs.

Capital is chronically short in Korea and technical knowledge is still well behind the levels in developed countries. For this reason, the Government is



A plant which produces various import substitute tools and machines.

making consistent efforts to attract foreign investors wherever possible while, at the same time, encouraging domestic firms to negotiate technical assistance agreements with foreign firms which have the necessary technology.

The incentives for foreign investors have already been discussed. For foreigners supplying technical knowledge, the same tax and remittance benefits apply. In addition, local firms are permitted to deduct payments for foreign technology from taxable income provided they place an amount equal to the taxes saved into a special account to be used to develop their own research programmes. In this manner, the Gold Star Co., a leading electronics firm, has already

accumulated more than \$2m and has begun to set up a modern research programme. General machinery companies, not as far advanced as the electronics industry, are not at that stage yet, but within the next five years the major firms can be expected to be ready.

Export-oriented industries

Parallel with Korea's overall development the local machinery industry is in a state of imbalance. With early national policy concentrating on light export-oriented industries, such machinery manufacturers as there are had to

follow the same lines. The result is that the nation has large capabilities for producing a number of kinds of textiles, simple electronics and mining machinery, to the extent that some of these are even being exported. In this category are some paper-making and printing machines, although specialized machines (for banknotes or high-speed machines, for example) must still be imported.

The greatest problem faced by the machinery industry in the course of its development, however, is economy of scale. This problem is not special to the machinery industry; it affects all the large-scale, capital-intensive industrial areas. Local demand is not sufficient to absorb the

total output required to make production economic. In order to meet its own requirements at unit costs it can afford, Korea must produce in large quantities and be able to export the balance.

In order to export, however, the country must produce modern and advanced products for which there is an international market. This requirement brings the problem full circle, back to the basic requirements of capital, technical knowledge and special raw materials, all of which are still scarce. For this reason, Korea will continue to be an attractive market for foreign suppliers of all three needs, especially for investors who can supply them all to supplement the labour force.

Unique joint venture gives port a lift

Asia's biggest grain elevator was dedicated in the Korean port city of Incheon last March, a unique joint venture that, in view of the problems it encountered, will probably not be repeated—at least not in the foreseeable future.

The Korea Silo Company is officially a fifty-fifty joint venture between the Pacific International Food Company of the United States and the Daehan Flour Mill Company of Korea, each of which put up \$1.5m in equity funds. Both governments were involved, however. The United States Government extended a \$4.6m loan through the United States Department of Agriculture. Commercial Credit Corporation and the Korean Government undertook to provide the necessary pier facilities. In Korea, all harbour facilities must, by law, be owned by the central government.

The need for the project had been obvious for a long time. Until Silo went into operation, almost all grain going into Korea in bulk has been off-loaded by barges and heaped in open storage areas. Off-loading was done by manual labour resulting in unnecessary loss. Open storage resulted in unnecessary deterioration because of weather as well as long and contamination caused by birds and rodents. The cost to Korea of using these primitive methods was several millions of dollars of badly needed foreign exchange.

Soon after construction began, however, the Korean Government informed Silo that it was unable to provide the pier facilities. "They told us that they had not budgeted the funds for the dredging and pier construction, that development of the area was in the long-range planning stage", Mr. Dan Skandlin, vice-president and senior United States representative, said.

"They also told us that the pier site that had been approved by the Economic Planning Board and the Ministry of Construction was designated as the salt wharf area and could not be used for grain. Then they told us that President Park personally would have to designate a new site."

The upshot was that the project was thrown more than six months off schedule.

In addition, we were required to build the pier ourselves and donate it to the Government, as well as dredge the channel to the pier from the lock turning basin. Because of this, the total project cost rose from \$6.6m to \$10.8m.

Because of the increased (and unforeseen) costs, Silo had to go back to the United States Government for more money. The original Commercial Credit Corporation loan had been for \$4.6m. To cover the added costs, CCC authorized a second loan of \$3m. Both credits were in the form of commodity grain loans.

On March 12, the facility was formally dedicated. The principal speaker at the ceremony was the United States ambassador to Korea, Mr. Richard Schneider. He said that financing of \$7.6m was provided through the private credit programme of the CCC and that the Korean Government had guaranteed full repayment of the credit. He went on: "We are witnessing the results of the joint venture concept at its finest—two great private enterprises, one American and one Korean, cooperating together with the full backing and assistance of their governments."

"This facility is open to public use and it will function most efficiently if it is operated at full capacity. The built-in efficiencies of this modern terminal and its storage capacity of 150,000 tons result in significant reductions in the cost of grain delivered to Korea and provide benefits which will be shared by all of the Korean people."

According to Mr. Skandlin, maximum operation of the Silo facility will mean annual savings of at least \$4.6m in foreign exchange as well as \$1,057,000 in local costs that would be incurred by Korean flag ships using other facilities.

"In the first 90 days that we were operating, some 300,000 tons of grain were unloaded at piers other than the one designated by President Park as the official grain unloading pier (our pier—the Incheon public grain elevator). At the effective rate differential this cost the country about \$1m in lost foreign exchange funds," he said.

The diversion has been the result of some apparent confusion on the part of the office of supply (Corok—the central government purchasing authority) and the

National Agriculture Cooperative, which reportedly felt exclusive use of the Silo facility would result in massive loss of employment for harbour workers as Incheon Mr. Skandlin denies that longshoremen and other harbour workers are being threatened by the modernized elevator.

"The major reduction in dockworker employment was created when the Incheon harbour lock gates were dedicated and the new port became operable. With that improvement, barge and tug work for offshore discharge was no longer required. This occurred on May 17, 1974—some 10 months before the opening of the Incheon public grain elevator (the Silo project)," he said.

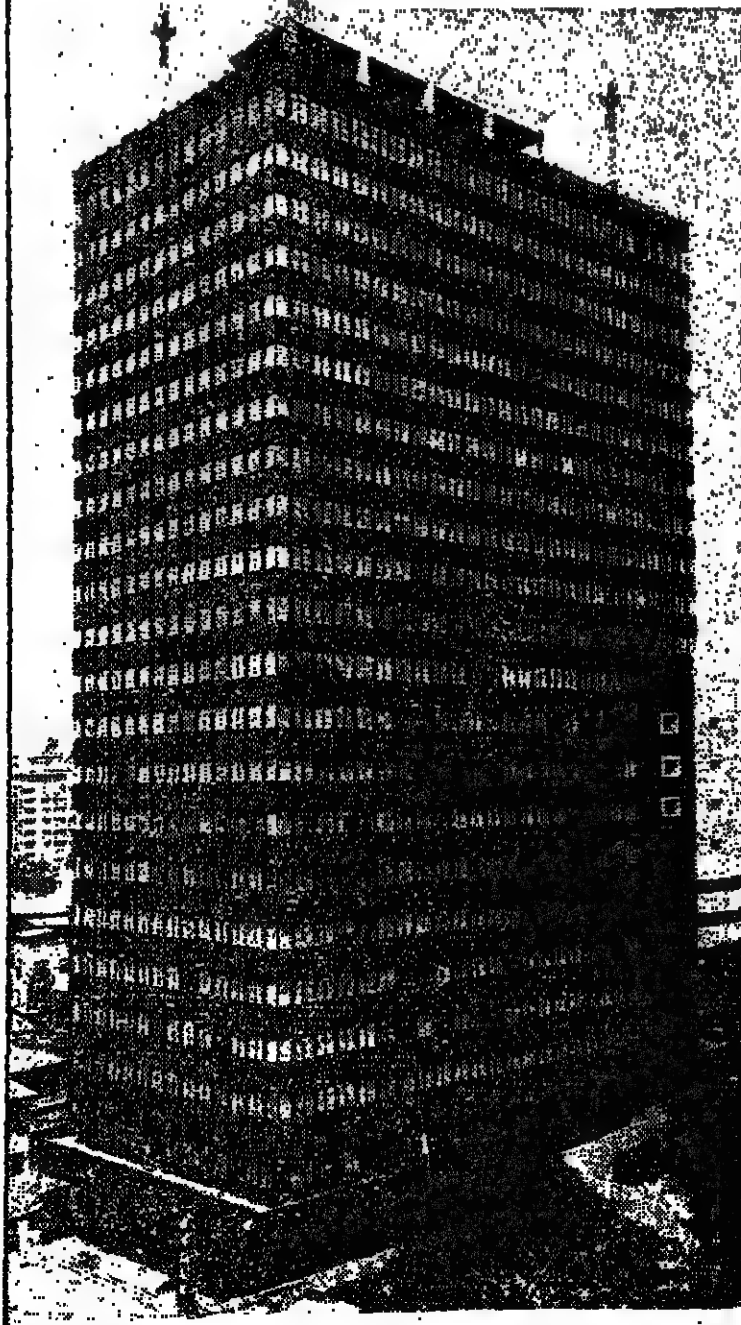
"Not only that, but the settlement of potential labour problems with the National Dockworkers' Union was one of the requirements we had to meet before the Ministry of Transportation would give us an operating permit. We negotiated a firm contract with the union which includes an indemnification clause to cover possible reduction in employment. Our relationship with the union is such that it gave the company a plaque of appreciation for our cooperation."

"Our operation actually created more than 120 new jobs—far more than the number of jobs allegedly lost by our introduction of more efficient mechanical equipment. So, overall, the employment situation is actually brighter because of our operation," Mr. Skandlin explained.

The success of the operation depends upon maximum use of its facilities, however. "Private importers—members of the Korea Flour Millers' Association—are aware of the benefit of using the public elevator," Mr. Skandlin says. "So are the shippers. Now it appears that the Government and quasi-governmental agencies—Corok and the NACE—which are the biggest buyers have also seen the light. From now on things should go well for everybody and the venture will be the success it should be."

With the pictorial preparation of this Special Report was given by Camera Press and the Embassy of the Republic of Korea.

Our new World Trade Centers make your job much easier



World Trade Center Korea

The World Trade Center Korea is literally the center of Korea's growing international trade, which last year topped the \$10 billion mark (both ways) and will hit the \$20 billion level by the early '80s. The 22-storey modern edifice houses 34 export associations and trade organizations as well as an exhibition hall with a comprehensive display of Korean export merchandise.

Of key interest to buyers is the Trade Service Corner on the ground floor where bi-lingual experts help you to contact local suppliers and advise you on contracting procedures, trade regulations, taxation, shipping and other related matters.

The New York Korea Center was recently inaugurated in central Manhattan. The modern 22-storey office building, housing various service organizations as well as business firms, provides easy access to the Korean growth market.

The 20-storey Korea Center building, on Victoria Island has been part of the growing Hong Kong skyline since 1970.

Wherever you happen to be, be sure to make our trade centers your first stop for profitable business with Korea.



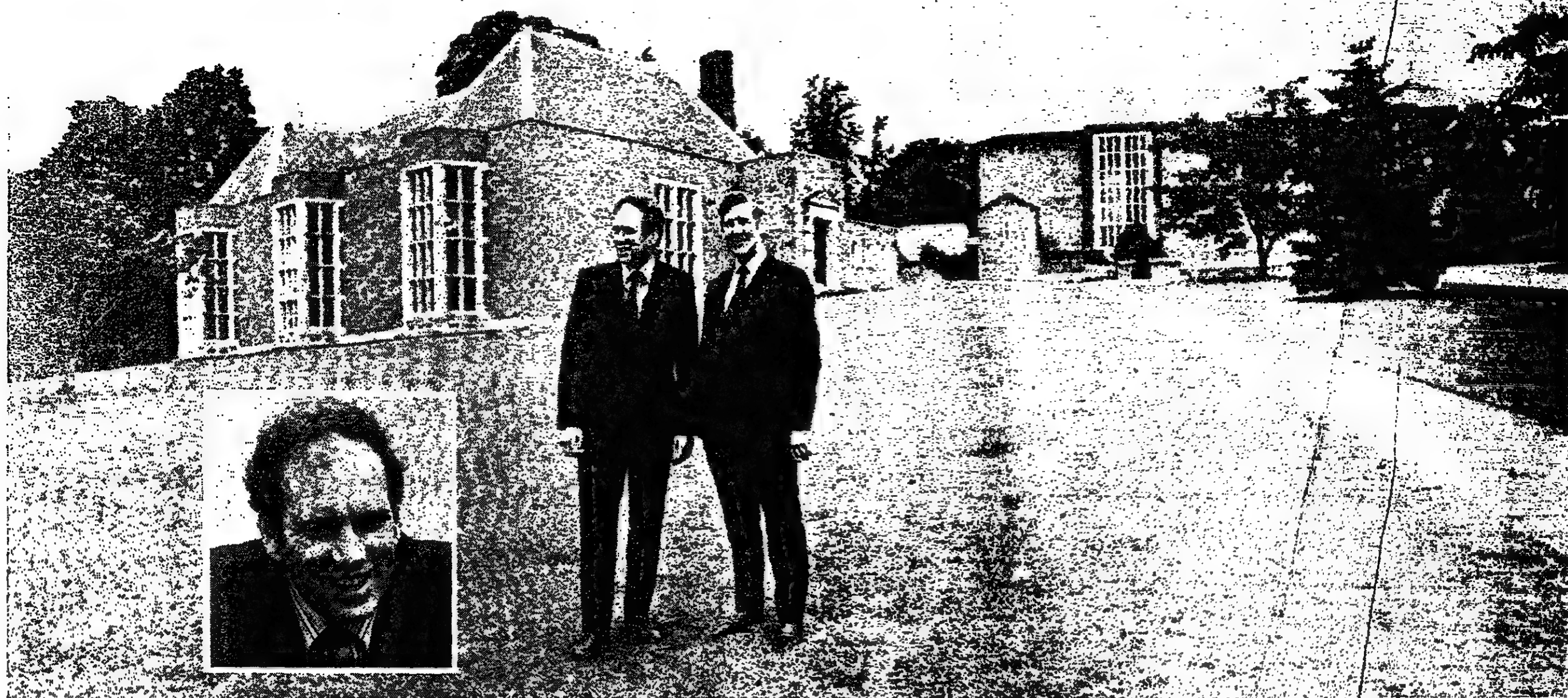
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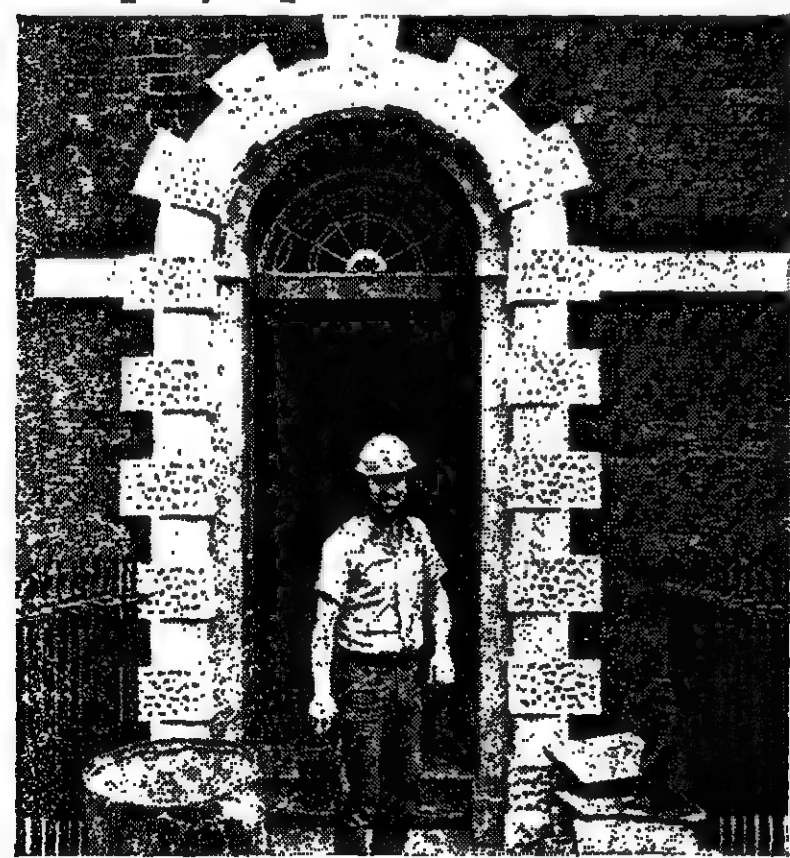
Mr Stoneman (Chairman, left) and Mr Gamsworthy (Joint Managing Director) in the grounds of Exeter University — an early project in which the E.B.C. Group was involved.

"We expect first-class service from our bankers. We have never found the Midland wanting."

-David Stoneman, Chairman of E.B.C. Group Limited.

"Just before World War Two, at the instigation of my father and Mr Frank Sleeman, several building firms in Exeter banded together to form Exeter Building Contractors Limited, later renamed E.B.C. Group Limited. During the war they carried out work ranging from building contracts to the manufacture of ammunition boxes.

"At the end of hostilities, the Company expanded its activities and



took a major part in the reconstruction of Exeter city centre, so badly damaged by bombing."

Midland experience and help

David Stoneman is the present Chairman of E.B.C. Group Limited.

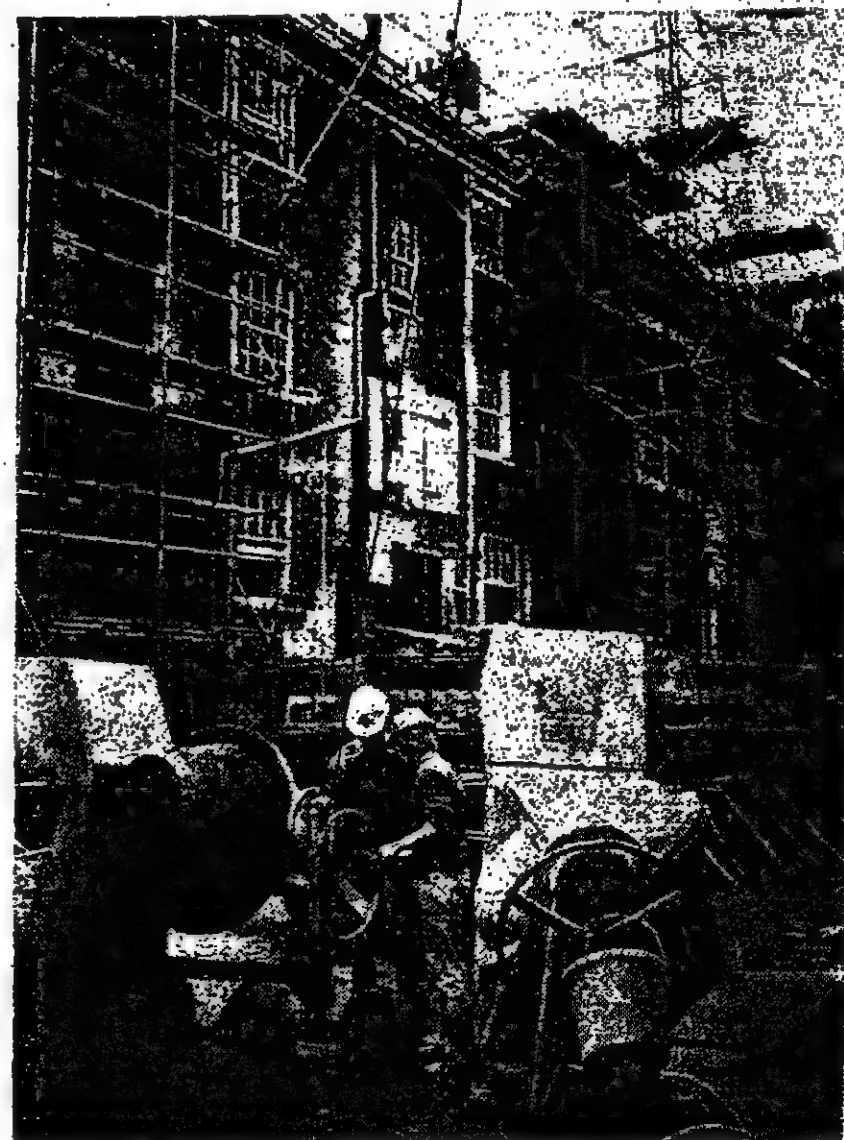
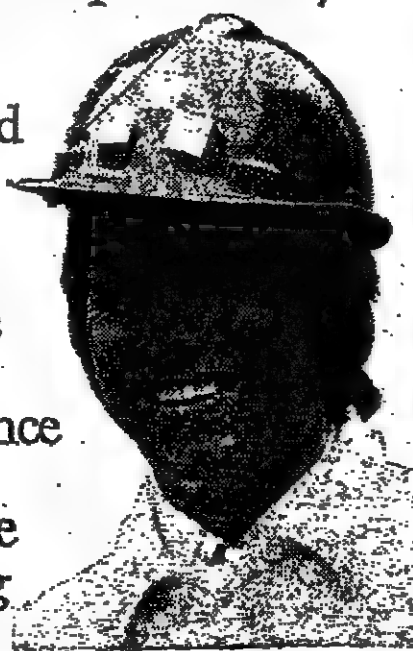
"I opened my own account at Midland Bank while I was still at university," he says. "At the same time, my father and his colleague moved the Company's account to the Midland. The two decisions were quite separate.

"I personally bank at the Midland because my father did, his firm did, and now both my sons do. The Midland runs in our family.

"Moving the Company account was a business decision based on the conviction of Midland's efficiency and progressiveness as a major bank. Apart from normal clearing bank facilities, the Midland gives us specialised assistance which is relevant to our own particular industry."

Diversification and growth

"In recent years we have diversified into all kinds of construction, ranging from hospitals, multi-storey car parks and supermarkets, to offices, theatres and libraries. We have also extended our activities into a number of sub-contracting and supply operations like plastering, joinery, maintenance and plant sales. Geographically we are also expanding and are no longer



Georgian property in the centre of Exeter being restored by E.B.C.

limiting our interests to the South West.

"Contact with Midland Bank exists at many levels. We are practical men and consider that we give first-class service to our own clients. A similar standard of service is expected from our bankers, and we have never found them wanting."

Midland banking means different things to different customers. Your local Midland branch can provide you with further details on the range of services available from Midland Bank Group.



Midland Bank Group

Principal trading companies: Midland Bank Limited, Clydesdale Bank Limited, Clydesdale Bank Finance Corporation Limited, Clydesdale Bank Insurance Services Limited, Scottish Computer Services Limited, Northern Bank Limited, Northern Bank Development Corporation Limited, Northern Bank Executor and Trustee Company Limited, Northern Bank Trustee Company Limited, Midland Bank Trust Company Limited, Midland Bank Finance Corporation Limited, Forward Trust Limited, Midland Montagu Leasing Limited, Griffin Factors Limited, Midland Bank Trust Corporation (Jersey) Limited, Midland Bank Trust Corporation (Guernsey) Limited, Midland Bank Insurance Services Limited, The Thomas Cook Group Limited, Thomas Cook Limited, Thomas Cook Overseas Limited, Thomas Cook Bankers Limited, Samuel Montagu & Co. Limited (Incorporating Drayton), Drayton Montagu Portfolio Management Limited, Northern Bank Finance Corporation Limited, Midland Montagu Industrial Finance Limited, Jersey International Bank of Commerce Limited, Bland Payne Holdings Limited, Bland Payne Limited, Bland Payne Reinsurance Brokers Limited, Bland Payne (UK) Limited, Southern Marine & Aviation Underwriters Inc, Bland Payne Australia Limited, Guyerzeller Zurich Bank AG.



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Stock Exchange prices

Early gains lost

ACCOUNT DAYS: Dealings Began, Sept. 22. Dealings End Oct. 3. Contango Day, Oct. 6. Settlement Day, Oct. 14.
 † Forward bargains are permitted on two previous days.



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ENGINEERING
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P expert says ture North Sea ids are unlikely be economic

rice Corina
al Editor
rning that future dis-
North Sea oil will be
erous small fields with
hope of economic
ment has come from
the industry's leading
ica.
R. Warman, explora-
anager of British Petrol-
edicts only a decade or
asonable independence
ported oil. Also, he is
t that the West Shet-
s, the Celtic Sea and
annel and Western
ics hold much promise
ic new oil finds.
Warman says that some
on barrels of recover-
have been discovered
British sector of the
ea; but only fields cap-
high rates of produc-
long periods (about
of barrels a day for
years) would ever be
d at economic rates.
of the main structures
en identified in the
round of North Sea
and few structures
outside are currently
Drilling had to date
rated on these major
ts, which have practi-
been drilled.
easy over the past year
nd is clear that fields
er one billion barrels of
able reserves are now
ng found and that finds
coming smaller," Mr
explains. He surveys
esent outlook in this
s edition of *Coal and
Quarterly*, published by
lional Coal Board.
trend will continue and
re not many prospects
finding many more
fields. This applies not
existing licences but
the unlicensed areas,
reasonable expectations
re discoveries in the
North Sea is a max-
of about nine billion
of recoverable oil.
significant amount of this
rable oil will be in

numerous small fields with
little hope of development with-
out a combination of favour-
able terms, higher crude prices
and technological advances
with lower costs (an unusual
and unlikely trend as new
technologies are normally
more expensive).
In assessing future develop-
ment, Mr Warman stresses that
every scheme so far has had
significant delays. Usually a
major hold up means losing
the favourable summer season
and therefore a minimum of a
year's delay.
The building of platforms
had been delayed by problems
of planning permission, labour
relations, inertia on the part of
British industry, and planning
mistakes on the part of both
oil companies and contractors
in venturing into new and
daunting technologies.
Mr Warman said "Serious
delays had happened such as
the sinking of a gas platform
in the wrong place owing to
design faults, major accidents
to pipelines while laying, and
other causes."
"What we as an industry
are learning of, and what to do
about, many of the problems
of the North Sea, there are
probably more to come and the
chances of delay are ever-
present when critical opera-
tions are dependent on the
weather of the harsh North
Sea weather."
He thinks that the chances
of achieving the first stage of
the production profile are rea-
sonable, but gives a warning
that a second depends not
only on the technical risks but
the large sums of money in-
volved in an uncertain invest-
ment climate.
The present requirement of
getting new fields in produc-
tion is upwards of £3,000 a
barrel a day. The second
branches of the production
profile would require at least
£3,500—a sum unlikely to be
raised from revenue within the
industry and requiring the con-
fidence of international banks.

Sharp fall in Britain's consumption of energy

By Patricia Tiedall

A sharp decline in Britain's
overall energy consumption is
indicated in government figures
issued yesterday. Oil, coal, gas,
and electricity usage fell during
the summer months compared
with last year, even when
adjustments are taken into
account for seasonal and tem-
perature differences.
Net imports of crude oil in
the first six months of the year
were 22.4 per cent down on the
equivalent period in 1974. They
totalled 45m tons, a decrease
of about 13m tons on January
to July 1974.
Total inland energy consump-
tion during July was nearly 11
per cent lower than in the
corresponding period of last
year with coal and petroleum
both down by approximately
this margin.
The decline in natural gas
usage, although at 7.5 per cent
below that for other fuels, is
the first significant fall in
supplies since this fuel was
introduced.
The September issue of
Energy Trends, the Department
of Energy's statistical bulletin,
published yesterday, also shows
that the output of deep-mined
coal in August was nearly 15
per cent lower than in the
corresponding period of 1974, much
of the shortfall being attributed
to the substantially greater
holiday losses.
Open-cast production was also
markedly lower and total out-
put in the month was 1m tons
less than a year ago.
Total inland coal consump-
tion in August was more than
11 per cent down on August
last year with deliveries to the
industrial and domestic markets
33 per cent lower.
Electricity supplied in July
was about 6.5 per cent lower
than in July 1974. *Energy
Trends* suggests that about half
of the reduction was due to a
low level of demand from in-
dustrial users. Other factors
probably included the effects of
the large increase in electricity
prices in April and the warm
weather in July.
Total gas supplied in July
was more than 8 per cent lower
than in July last year.

Prudential Insurance of America emerges as purchaser of 9.5 pc stake in Hambros

By Christopher Wilkins
Banking Correspondent

Prudential Insurance
Company of America, the
world's largest insurance com-
pany, has emerged as the buyer
of a 9.5 per cent stake in the
Hambros, the merchant bank-
ing group. It is also injecting
£25m of new funds into Ham-
bros by subscribing to a loan
stock issue.
Prudential has acquired its
holding, some two million
shares solely through pur-
chases in the stock market,
which it has been making since
June. The average price paid
for the shares was 22p, a price
the Prudential was 18p a
share, implying an overall cost
of some £3.7m.
None of the shares has been
bought from either the Ham-
bros family or the Hambros
Trust, which largely represents
family interests. In the stock
market it is felt that the buy-
ing operation has been skill-
fully handled. The market in
the shares normally very
narrow, responding to small
buying pressure, but the opera-
tion was conducted without the
market being widely alerted to
what was going on.
The loan stock which the
Prudential is acquiring carries
an interest rate of 10.75 per
cent. It is repayable in full in
15 years, but has an average
life of 12 years.

The link between Hambros
and the Prudential, which has
obtained the blessing of the
Bank of England, came about
as the result of an approach
from the bank to the Pruden-
tial, which has been
seeking for some time to
obtain a foothold in Europe.
Although the largest in-
surance company in the world
it has traditionally operated
almost wholly in the United
States and Canada. It has no
connection whatsoever with the
Prudential Assurance, Britain's
largest insurance concern.
To put the two companies
into perspective, Prudential of
America has assets of \$35,800m
and \$218,300m of life in-
surance in existence. This
makes it about six times as big
as Britain's Prudential, which
has gross assets of £2,855m and
life insurance business worth
some £17,600m.
Prudential of America is a
mutual company owned by its
50 million policy holders. It
has 25,000 sales representatives
in 1,700 offices around the
United States and Canada, and
an annual investible income of
\$4,000m.
About five years ago Pruden-
tial took a decision to move
into Europe and at one point
came close to setting up a new
life company. Mr Frank
Hoenemeyer, executive vice

president and a director of
Prudential, who has now
joined Hambros' board said
yesterday this approach was
abandoned, partly because of
difficulty in obtaining the
right management and partly
because of changes in tax and
insurance regulations.
Instead, Prudential decided
to opt for the alternative route
of acquiring an interest in an
established United Kingdom
business. In the form of Ham-
bros Life, Hambros already has
a substantial interest in the in-
surance field, and Mr Hoen-
meyer said Prudential was also
attracted to Hambros' wide
spread of other interests.
At this stage neither party is
saying what the future holds
for the form of cooperation or
joint ventures. But just as it
would appear the Prudential
regards Hambros as providing
an entry into Europe, Ham-
bros also hopes its link with
the Prudential may help it to
develop business in the United
States.
Although Prudential holds
9.5 per cent of Hambros' shares,
many of these are non-
voting shares, so that it only
controls 3 per cent of the
bank's votes. Under American
law Prudential can only hold
up to 8 per cent or more than
50 per cent of a company. So
if the non-voting shares were



Mr Jocelyn Hambros, chairman of Hambros, a possible entrant into United States markets.

enfranchised, Prudential would
have to sell part of its holding.
Mr Jocelyn Hambros, chair-
man of Hambros said yester-
day the question of enfranchis-
ing the non-voting shares had
not been considered.
Financial Editor, page 23

Profits from meat trading 'not excessive'

By Hugh Clayton

Meat distributors were judged
not guilty yesterday of making
excessive profits. Sir Arthur
Cockfield, chairman of the
Price Commission, said: "There
is no question of the housewife
getting a raw deal. Margins are
not high at any stage."
He was introducing the com-
mission's report about meat
prices and margins which was
called for more than a year ago
when farmers accused butchers
of taking advantage of falling
livestock prices to raise their
profits.
However, the commission said
yesterday that the increase in
profits last year was "not
excessively justified". Since most
slaughterhouses and shops
where meat was sold fell out-
side the direct scrutiny provided
for in the Price Code, it might
be necessary to introduce
special machinery to monitor
them.

Sir Arthur said that shoppers
were often suspicious of meat
prices because they were far
higher than those paid for live
animals. "We have followed the
best right through from the
farm gate to the shop counter,"
he said.
His investigators had found
that most of the increase in
price was due to processing the
animal for sale. "The weight
of meat on the counter rep-
resents only 40 per cent of the
weight of the live animal."

A steer for which a farmer
received 20p a pound live
would cost almost 45p a pound
by the time it reached the
butcher. The retail price would
be about 61p. Of every £ spent
on meat in shops 80p covered
the price paid by the butcher,
5p went towards staff wages, 1p
was spent on wrapping and 5p
on other costs including trans-
port and rent. That left 6p net
profit before tax.

The commission established
that the average net margin of
slaughtering wholesalers was
0.9 per cent in 1971, 1.3 per
cent a year later, 1.2 per cent
in 1973 and 1.8 per cent in
1974. Comparable figures for
independent butchers were 5.4,
5.8, 4.6 and 5.9.

Sir Arthur said that the com-
mission was not criticising dis-
tributors who raised margins
last year. "We do not criticise.
We draw attention to facts. You
must not think we are doing
anything but trying to cast
light." There was evidence
that the high margins had now
been corrected by competitive
pressures.

He was most intrigued to find
evidence in retailing in general
that "things tend to go up more
rapidly than they go down"

when all else is equal.
Mrs Williams, Secretary of
State for Prices and Consumer
Protection, said yesterday that
the Government accepted the
conclusions in the report.
The National Federation of
Meat Traders, which represents
independent butchers, said it
was not surprised by the report.
There had been little criticism
of butchers' profits except by
a few irresponsible producers,
crying through their pockets,
and a few equally irresponsible
MPs.

* Prices and Margins in Meat
Distribution, HMSO £1.00.

Companies still facing cash worry, CBI says

By Tim Congdon

Companies face a cash and
profit position which is "still
worrisome" according to a
paper prepared by the Con-
federation of British Industry. It
says: "Any idea that money
will be pouring out of com-
panies' ears is wide of the
mark."

Although the CBI expects
the financial balance of in-
dustrial and commercial com-
panies to improve markedly
this year and next, the improve-
ment will take place from a
very large deficit situation in
1974 and is partly for "bad"
and temporary reasons.

The CBI refers particularly
to cutbacks in investment and
the de-stocking process which,
it says, "cannot go on indefi-
nitely."

The scale of the recent run-
down in stocks was confirmed
yesterday by revised figures
for the second quarter released
by the Department of Industry.
They show that the drop in
industrial stocks in the quarter
was £225m (at 1970 prices), a
total which is not only the largest
recorded for one quarter
but is actually greater than
that ever previously recorded
in a year.

At the same time in stocks has
been of considerable benefit to
companies' liquidity, as the
drop in current price terms is
probably a multiple of £225m.
Despite this advantage, the
CBI says the net liquidity of
the company sector has contin-
ued to worsen recently.

Most companies have been
paying off bank overdrafts as
they reduce investment and
stock levels. But the net li-
quidity of the company sector
remains negative at around
£3,000m, while gross liquidity
is a percentage of turnover
has been falling very rapidly.

The CBI gives a warning
that "it will not be long
before it is at a historically
low level."

The Department of Industry
figures suggest that the de-
stocking process may still have
some way to go.

CAPITAL SPENDING

The following are the revised
figures published today by the
Department of Industry for the
fixed capital expenditure of
manufacturing, distributive, ser-
vice and shipbuilding industries
and for the physical increase in
industry's stocks all seasonally
adjusted at 1970 prices.

	Investment	Total	Manufacturing	Stocks
1972	4178	1738	-138	
1973	4478	1884	832	
1974	4455	2087	879	
1975 Q1	1029	459	-73	
Q2	1047	428	-47	
Q3	1026	523	-45	
Q4	1074	428	27	
1973 Q1	1138	458	254	
Q2	1057	443	277	
Q3	1115	488	123	
Q4	1188	476	179	
1974 Q1	1101	519	-72	
Q2	1068	513	261	
Q3	1135	518	367	
Q4	1132	539	134	
1975 Q1	1030	497	-92	
Q2	980	459	-225	

Following revisions to the
index of production estimates
of the stocks/production ratio
in manufacturing industry have
been amended and at the end
of June stood at the highest
level since the series was first
constructed.

Falls were concentrated in
stocks of materials and fuel
and in work in progress, but
stocks of finished goods
showed only a small decline.

On this basis manufacturing
companies may be holding
larger stocks of finished goods
than they would like, although
their reserves of raw materials
have been pared to minimal
levels.

Distributive industries had a
£104m cut in stocks in the
second quarter, compared to
£121m for manufacturing in-
dustries. Revised figures for
capital spending, also released
yesterday by the Department
of Industry, show only small
changes from the earlier
figures.

Shore hope pinned on voluntary Japan deal

By David Blake

Mr Peter Shore, Secretary of
State for Trade, seems to have
returned from his trip to Tokyo
without any firm commitments
by the Japanese to limit exports
of cars and television tubes.
However, as a result of talks
with Japanese officials, Mr
Shore has promised that sales
this year will not top those of
1974.

Talks between the Society
and Motor Manufacturers and
Traders and Japanese car
makers on the likely share of
the United Kingdom market
which Japan can expect in com-
ing years are likely to take
place in December.

What the Department of
Trade would like, is a guarantee
that the production of the
Nissan which makes the Datsun
range, has promised that sales
this year will not top those of
1974.

With car sales likely to fall next
year, this would mean a big
cutback for Japanese producers.
And if a voluntary arrangement
is reached with Japan's car-
makers, it is likely that these
would be a reduction in their
share of the market.

But if the Department of
Trade succeeds in reaching a
limitation agreement with the
Japanese, it would contravene
EEC rules, which give all power
in trade negotiations to the
Brussels Commission.

Because of these problems
the department hopes that the
Japanese will agree to a volun-
tary limitation agreement not
to sell more than mutually
agreed.

MITI officials are believed to
have assured Mr Shore that
they intend to see that cars are
"marketed in an orderly way".
The idea of orderly market-
ing, which the Japanese inter-
pret as meaning that their sales
must not rise fast enough to
hurt local manufacturers or
lead to protests by unions fear-
ing lost jobs, is not new.

It was pushed with great
enthusiasm and limited success
by Japanese business leaders in
other EEC countries in 1971.
The European Commission has
made no secret of its suspicion
of the idea, which it says can
easily become just a market
sharing arrangement which
breaches Article 85 of the
Treaty of Rome.

However, the voluntary agree-
ment is preferred to the im-
position of import controls.
These have been called for by
most leading trades union
leaders, and Mr Shore is likely
to make a statement at next
week's Labour Party conference
in Blackpool in an effort to
reassure them that action is
being taken to protect jobs.

The threat of retaliation is
one argument which is
advanced against such controls
on cars. The Japanese might
also, it is feared, refuse to go
on with other voluntary export
limitation schemes such as
those on ball bearings, where
restrictions were applied to cars.

The difficulty of actually pro-
ving a case of dumping is also
a factor. The car industry has
claimed that dumping is taking
place but has so far produced
little in the way of evidence.

Indian oil discovery

New Delhi, Sept 25.—The
Indian government's oil and
Natural Gas Commission
(ONGC) today reported a good
flow of oil in all the five wells
sunk by its platform in the Bom-
bay High area of the Arabian
Sea.

Beecham pays £16.6m for German group

An important extension to
its pharmaceutical interests was
announced by Beecham yester-
day with the purchase for
£16.6m of Johann A. Wülfing,
a privately-owned German com-
pany.

Wülfing specializes in the
production of drugs for treat-
ing cardiovascular disease,
vitamin deficiency and certain
bronchial conditions.

The deal includes Wülfing's
associated export and distribu-
tion companies and a majority
interest in the associated
Belgian company, Beecham
Pharma GmbH, as a force in phar-
maceuticals for the hospital
sector.

Last year's sales by Wülfing
were £11.6m and profits were
£2.4m. Book net assets were
£3.2m.

How the markets moved

The Times index: 143.67 + 0.24
The FT index: 340.6 - 0.5

Rises	6p to 52p	Newman Ind	3p to 35p
Deu G.	1p to 20p	Owen Owen	5p to 60p
EMI	1p to 20p	Shell	5p to 35p
Fisons	4p to 32p	Smith WH	5p to 30p
Hoover	15p to 30p	Tube Invest	5p to 30p
Imperial	15p to 30p	Tootal	3p to 35p
Lloyds Bk	3p to 23p	Wigfall J	8p to 135p
New London	15p to 23p		

Falls	1p to 12p	Oilaid	10p to 90p
Abramson Int	1p to 12p	Slater Walker	2p to 35p
BS of NSW	1p to 12p	Scotrust	10p to 24p
Brit Am Tob	2p to 30p	Sena Sagar	4p to 12p
Delta Metal	4p to 53p	Starla G	5p to 13p
SWN	1p to 12p	Unilever	6p to 35p
Ball Thermot's	12p to 70p	Yule Catto	3p to 35p
Int Hides	15p to 12p		

Gold rose by \$2.00 on the day to
\$135.00 an ounce.
SDR-S was £1,6410 on Thursday,
while SDR-C was £5,69326.
Commodities: Reuters' index was
at 1160.4 (previous 1163.5).
Reports, pages 25 and 26

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ost of 15pc Opecrise put at £500m

r Industrial Staff
urvey and Department of
v officials are standing
ive the Government
line advice on the im-
t of the oil price rises
sing worked out by Opec.
na. First calculations are
10 per cent upward ad-
n could add £375m more
balance of payments on
t rates of consumption
out £500m if the price
rises 15 per cent.
intention is to work out
act in the worst possible
and then build in alter-
cost forecasts based on
ranges of possible sav-
consumption can be
reduced in the near
y, supposing the "Save
impaign throughout in-
th industry is nervously
s governmental guid-

ance. The price of electricity is
subject to fairly swift fuel
clause adjustment arrange-
ments and the coal industry is
also under the drive for greater
production.
Among industries worried
about a new price rise are
chemicals and transport.
While the suggested range of
price rises emerging from
Vienna last night is a blow to
the British economy, especially
with substantial oil payments
made in dollars, now much
stronger against the pound,
there will also be one benefit.
Supplies of North Sea oil will
be stepped up in the coming
year, increasing the value in
import terms.
Experts assessing future
trends in the import bill have
to calculate the future average
pounds value of a ton of oil in
pounds sterling, feb.

This is a sophisticated opera-
tion, as assumptions need to be
made not just about the overall
value of crude oil imports but
also changes to the commodity
mix of the imports—reflecting,
for example, changes in quality.
At the beginning of this
month, the average value per
ton of crude oil imports was
standing at £34.7 measured
over the previous three months.
This compared with £30.6 for
the whole of 1974 and £8.4 in
1973, before the oil price
squeeze began in earnest.
What becomes critical, how-
ever, is the actual import re-
quirement, which has been con-
siderably reduced in recent
terms this year partly through
the national conservation cam-
paign.
It is reckoned in official
quarters that further savings
can be made.

reat to French steel jobs

ng. Northern France,
5.—M Jacques Gandois,
at director-general of
clor-Sollac steel group,
have a warning of large-
scale early next year
there was more govern-
ment action.
ivity (in the French
industry) fell 40 per cent
rices dropped sharply.
lancies were prevented

by government aid," he told a
meeting of the company's work-
ers' committee.
In the next three months, he
said, work hours would be cut
by 20 per cent for about 51,000
workers in the Lorraine region,
resulting in a 6 per cent cut in
wages.
M Gandois did not expect a
revival of activity before the
spring of 1976.

Recovery in US economy is 'gaining pace'

Washington, Sept 25.—Dr
Arthur Burns, the Federal
Reserve Board chairman, today
said economic recovery was
gaining momentum and re-
affirmed the Fed's current
policy of moderate monetary
growth.

Dr Burns warned the Senate
Budget Committee against in-
creases in federal spending,
because the federal deficit
might cause further increases in
interest rates.

"The recovery process
appears to be broadening and
gathering momentum," Dr
Burns said. He noted that in-
dustrial production rose 1.3 per
cent last month.

"Many signs now seem to be
pointing to an early turnaround
in business fixed investment,"
he said. Business plans for
capital spending had "stabilized"
and production of business
equipment rose in August after
10 months of decline, he noted.

"Once expenditure on plant
and equipment begin to contrib-
ute to a cyclical recovery—as
I believe they soon may—the
pace of overall economic expan-
sion is likely to become quite
vigorous," Dr Burns said.

He gave a warning that the
recovery "could be undermined
by a renewal of strong infla-
tionary pressures."

The Federal Reserve "has
been alert to the developments
in the sphere of prices" in set-
ting monetary policy.

Dr Burns reaffirmed the Fed's
earlier money growth target of
5 per cent to 7.5 per cent annual
growth in the money supply. He
said the Fed's target remained
"appropriate under current con-
ditions," while the economy
was recovering from recession.
—AP-Dow Jones

PREEDY

he following are extracts
om the circulated statement
the Chairman
r H. L. Preedy, OBE, JP

Group profit at £782,000 (£595,000 in 1974) is the
st so far in the history of the company. The total
id of 7.05% is the maximum allowable under
islation.

Twelve shops were opened during the year, and
ht unprofitable ones closed, representing a consider-
le increase in sales area.

The Kidderminster wholesale business has been
wed to a bigger building, large enough for a thriving
sh and carry trade.

Following discussions with the Price Commission,
ns have been taken to eliminate excess profits of
of 1974/75 turnover during the current year. Due
increase in turnover and other factors it should not
assumed that the trading profit during the current
ar will be diminished.

Retail trading figures are still well in advance of
t year, and wholesale trade shows a steady increase
turnover.

ALFRED PREEDY & SONS LIMITED

CAV claims a rotary pump advance

By Clifford Webb
CAV, the Lucas Industries company, which is the world's largest manufacturer of diesel engine injection equipment, claims to have made a remarkable "breakthrough" with a new type of rotary injection pump. It is expected to play a key role in a £35m plan to double CAV's worldwide production of a million pumps a year.

The new pump, which is suitable for both cars and trucks, is already in production at CAV's Gillingham plant and will be seen for the first time at next week's Paris Motor Show. While the bulk of the £35m is going to meet growing demands from the traditional sectors—lorries and tractors—it

also involves substantial investment in equipment for diesel cars. World production of diesel cars has been growing at more than 11 per cent a year for the past five years.

Since the oil crisis broke in the winter of 1973, there has been a major swing towards diesel engines to take advantage of their 20 to 30 per cent lower fuel consumption. Diesel engine performance is largely dependent on the efficiency of the injector pump and there have been indications that CAV's 20-year-old DPA pump has been coming under increasing pressure from the company's main competitor, Bosch.

Between them the two account for nearly 75 per cent of world production.

The new DP15 pump has taken more than five years to develop, CAV said yesterday. "This is a major step forward in diesel fuelling technology. It will ensure that the next generation of diesel-engined vehicles, many of which are still at the development stage, can more readily meet existing and future international legislation controlling smoke and gaseous emissions."

The design will permit engine manufacturers to tailor the new pump to engine requirements far more easily than with existing types. CAV says this should result in considerable cost savings on development work by engine manufacturers. CAV declines to give details of the investment involved in

the DP15, but it is understood that this will be covered by an announcement within the next two weeks. A company spokesman indicated, however, that it was "a major sum".

A new production line has been installed at Gillingham, equipped with special machinery to manufacture components to tolerances measured in microns: one micron is less than 1/75th the diameter of a human hair.

The pump spindle and its matching bore are claimed to be among the most accurate mass-produced components manufactured in Britain.

The DP15's first "on-road" application will be on the new Bedford 8.2 litre diesel engine to power the Bedford YMT bus and coach chassis.

Improving trend in engineering orders

By Edward Townsend

Signs of a small but welcome increase in business for Britain's hard-pressed engineering industries, which have suffered a 40 per cent dip in new orders over the past two years, are reflected in government figures issued today.

The trend of total net new orders received by engineering companies in the three months to the end of June rose by 7 per cent in recent months, reflecting sharply lower deliveries of electrical goods, particularly domestic appliances now subject to higher VAT, and computers.

Trade and Industry also reports a sharp decline in sales of chemicals in the first quarter of the year. Sales of organic chemicals and synthetic resins and plastics materials were the worst affected.

In the first six months, the index of production for chemicals and allied industries was 10 per cent down on a year earlier and is expected to be in activity for the rest of this year.

Unsurprisingly, the index of production for engineering is also expected to be in activity for the rest of this year.

He believed that if people were free to make contracts, or be paid, in any kind of money they chose, it would be salutary.

LETTERS TO THE EDITOR

Government inexperience in statistical research

From Mr John B. Crisp
Sir, By a badly publicised order made in August the Department of Trade now require surveillance import licences for textile products from all countries other than the EEC, with separate licences for goods of different fibre content. The licences are to be used for statistical purposes.

As a result of this order the Department of Trade is completely overwhelmed (their words) by additional work. Importers are experiencing considerable delay in obtaining licences and are incurring storage charges for goods held in the docks.

Is this a further example of the inexperience of Government departments?

There appears to be no intention to refuse licences so why are they needed at all?

First, all the information is already available to a Government Department from current import documentation.

Next, does anyone in the Department of Trade believe that the statistics they will obtain from the licences be even remotely accurate and indicative of the volume of imports?

Finally, why should it be necessary, in our own case, to have separate licences for imports of goods from the same manufacturer because some have 3 per cent Iskra, others have 2 per cent Iskra, and some have neither of these fibres at all?

With the delay in obtaining the licences at the moment because of the large initial number of applications, why cannot the Customs release the goods against an undertaking to provide an import licence when granted.

At least this would show some good will on the part of the Department of Trade and an awareness by them of the problems facing businesses when a new measure such as this is introduced.

Yours faithfully,
JOHN B. CRISP,
22 Woodstock Street,
New Bond Street,
London, W1R 2JX.
September 22.

Taxing of homes partly used for business

From Mr Anthony Lewis
Sir, The Inland Revenue always seem to take the view that if part of a home is being used for business purposes then a proportion of the eventual sale proceeds are subject to capital gains tax. This view should be contested on the following grounds.

If the house sold is replaced by another, any chargeable gain relating to the business use of the property can be "rolled over". This assumes that the new house is also used partly for business purposes. This procedure can continue on all changes of home until the home owner reaches the age of 65. If at this stage he sells his house any chargeable gain up to £20,000 is exempt from capital gains tax and equally on death no capital gains tax arises.

It might well be worth Mr Doughty of the Watford Consumer Group raising this point with his member's Inspector of Taxes.

Yours faithfully,
ANTHONY LEWIS,
22 Rutland Gate,
London, SW7
September 17.

Pirelli talks with unions break down

From John Earle
Rome, Sept 25

Talks between Industrie Pirelli and the trade unions over the Italian rubber and cable group's 270,000 lire (£190m) recovery plan have broken down after the union's refusal to accept any reductions.

Discussions had been under way intermittently since July. The unions fear that the plan, based on streamlining factories to manufacture one type of article each, will involve 1,500 to 2,000 dismissals.

The company hopes that the plan will enable it to regain profitability and thus rejoin the Dunlop-Pirelli union.

A statement issued by the management said union representatives had rejected the plan without advancing constructive proposals. As further delay would aggravate the company's situation, the management would therefore go ahead with the action which it considered necessary.

Alitalia aims at profit with four-year plan

Milan, Sept 25.—Alitalia, the Italian state-controlled airline, today announced a four-year plan providing reorganization of its fleet to achieve a profit balance of 6,000m lire (about £4.25m) by 1979, after several years of severe losses.

A deficit of 108,000m lire was expected for 1975-76. The deficit should be reduced to 57,000m lire for the two following years. Alitalia's board of directors said reorganization plans included a higher use of aircraft on economically convenient routes, strengthening of cargo services, price rises to face higher costs and a cut in its fleet to 64 planes by 1979 against 85 now in service.

Alitalia also planned not to buy any new aircraft in the next four years, resorting to chartered planes. It intended to charter seven Boeing 727-200 models shortly.

'Meddling with money' attacked

From Alan McGregor
Lausanne, Sept 25

Dr Friedrich von Hayek, Nobel prize-winner in economics last year, said today he hoped it would not be too long "before complete monetary freedom will be regarded as the mark of a free country."

In addressing a gold and monetary conference organized by the United States National Community for Monetary Reform, he said that to prevent governments from "meddling with money" would do more good than anything else.

"What we need is international authorities with power of direction and international treaties prohibiting certain government actions which can be harmful," he continued.

In forceful criticism of Keynesian theories, he contended that they could not cure unemployment but simply make it worse.

A "lost generation" of British economists had supported Bretton Woods out of misguided patriotism rather than in any belief that it would promote a satisfactory international order. To promote employment by monetary expansion was a "desperate measure".

He said government control of monetary policy had again proved fatal. "The more intelligently they try to set the more harm they seem to do."

Unless they came up against an absolute obstacle, authorities had never been able to resist the pressure for more and

cheaper money. The main function of the gold standard had been the fixed exchange rate, with a limit on international liquidity making it possible for the monetary authorities to give in to demands.

Any attempt now to return to a classical gold standard would break down "because no country is prepared to abide by the rule this would require".

But a way had to be found to protect currencies from fluctuations. "Money is too dangerous an instrument to leave it to politicians, or, so it seems, economists."

He believed that if people were free to make contracts, or be paid, in any kind of money they chose, it would be salutary.

No deaths from radiation at British nuclear stations

By Kenneth Owen

Sir John Hill, chairman of the United Kingdom Atomic Energy Authority, has said that no deaths have been caused by radiation from British nuclear power stations.

Writing in the current issue of *Coal and Energy Quarterly*, Sir John says: "We have, of course, had accidents and we will have more, but as far as I know so far, not one case of death has been positively attributed to radiation associated with the British nuclear power programme."

"If this is true it is a very

remarkable statistic for an industry of our size."

The contribution to general radioactivity from nuclear power was very low, Sir John emphasized. A person living in London received about 67 millirads of radiation each year from natural radioactivity—cosmic rays from outer space and natural radioactivity of materials around us and in our bodies.

In Aberdeen the natural level was about 40 millirads higher. The contribution to the public at large from nuclear power was only 0.01 millirads a year.

Exports of wool textiles rise by £2.1m in July

By Ronald Kershaw
Northern Industrial Correspondent

Earnings from United Kingdom wool textile exports in July showed an increase of £2.1m over the June figure. At £20.3m they were £200,000 or 1 per cent higher than in July last year.

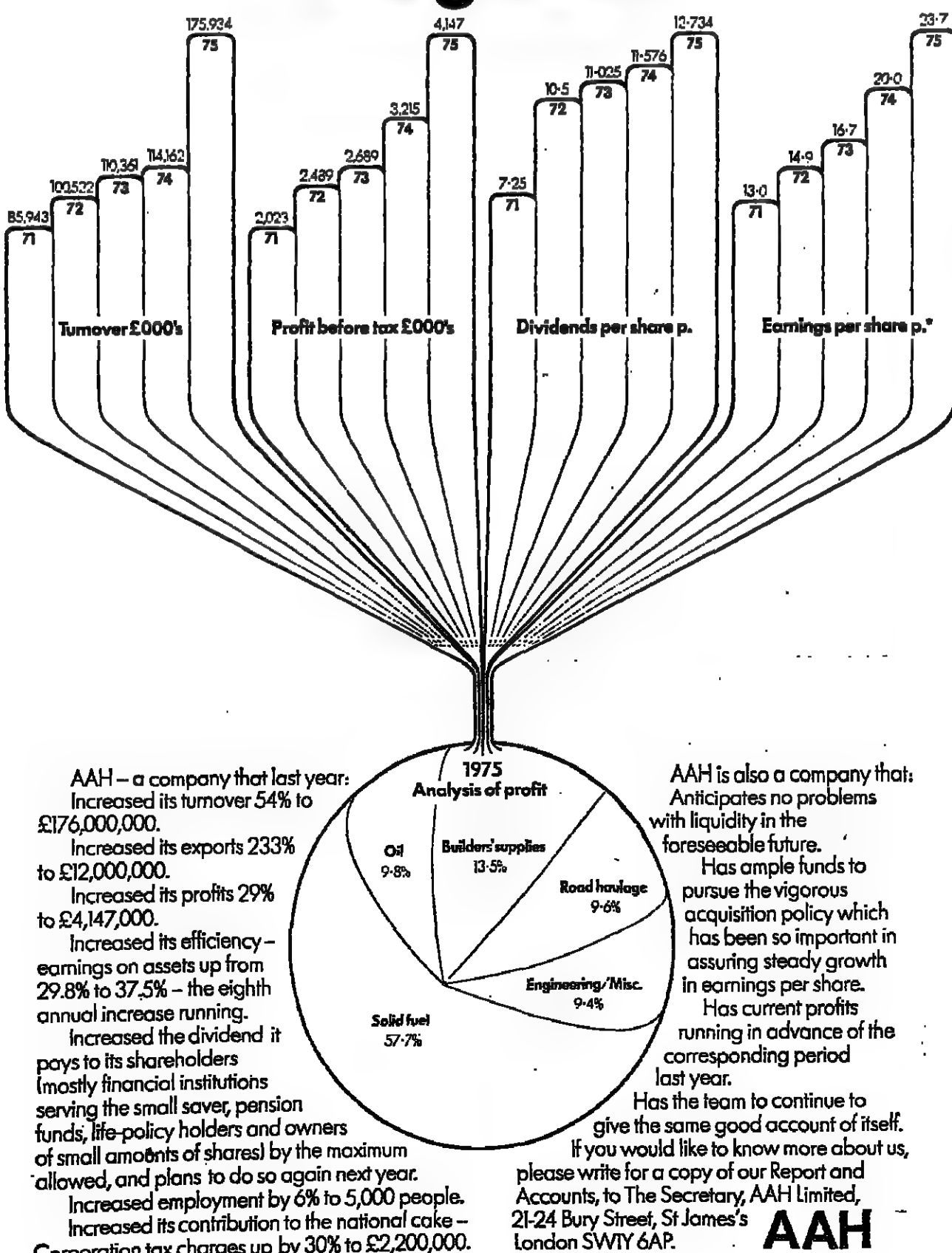
In the first seven months of this year, exports totalled £124.7m, which was £23.8m or 16 per cent lower than in the same period of 1974. A spokesman said this reflected the continued worldwide recession in textiles.

Shipments of raw wool totalled £14m, a decline of £3.7m or 21 per cent, but were 8 per cent high in volume, compared with January-July 1974. The price of wool fell considerably last year.

Exports of yarns fell by 21 per cent to £20.7m (24 per cent less in volume) and those of wool cloth by 15 per cent to £46.3m (23 per cent less in volume). Earnings from tops (combed wool) declined by 18 per cent to £15.2m, but were 2 per cent more in volume.

Exports of cloth, yarns and tops to the EEC countries totalled £28.8m, an increase of 3 per cent; but sales to the rest of the world were £62.9m, a reduction of 23 per cent.

Real growth



Business appointments Mr Allen Greenwood to lead BAC

Mr Allen Greenwood will become chairman of British Aircraft Corporation from January 1, after the retirement of Sir George Edwards from the chairmanship and from the board of BAC and of BAC (Holdings) on December 31. Mr Greenwood and Mr T. B. Pritchard, financial director of BAC, will join the board of BAC (Holdings) on October 1.

Mr John Lunn will retire as director-general of the Port of London Authority on March 31. Preparatory to that he is handing over his executive responsibilities to Mr William Bower, who becomes acting director-general on October 1. Mr Lunn will continue to act in a consultancy capacity for the chairman and to deal with his international responsibilities in the intervening period.

Mr M. W. Jeavons has resigned from the board of E. R. Jeavons and Co.

Mr A. F. Hill has been appointed chairman and Mr B. B. Winston managing director of G. F. Lovell & Co. Mr C. R. Shone has relinquished the post of chairman but remains on the board.

Mr J. C. Brooman has become vice-chairman of the Black & Decker Manufacturing Co. At the same time he has become chairman of the finance committee. Mr W. K. Goldsmith, managing director of Black & Decker Ltd, succeeds Mr Brooman as chief executive of the English company.

Mr R. E. Howard, Mr Richard C. Lowry, Mr Lionel B. Shipson and Mr Ronald P. Wilson have become vice-presidents of Bankers Trust Co. Mr J. Max Lewis becomes assistant vice-president and Mr Derek Blaine and Mr Edward A. Powney assistant treasurers.

Mr D. Vernon has joined the board of Wrightson & Co. chairman, in place of Mr E. Dickinson, who remains on board.

Mr Bruce McEvoy, former assistant agricultural attaché at the United States Embassy in London, has joined Sunken Growers Inc as managing director of the European subsidiary.

In the final stage of its restructuring of top management positions, Mr Edwin John Hewitt becomes joint general manager (financial control) of the Co-operative Bank with effect from September 28.

Mr John Wakeham has resigned as chairman of H. Young Holdings and is succeeded by Mr Roy Fisher, who also becomes managing director. Mr Peter Vardy has joined the board and Mr J. B. Elliott and Mr A. C. E. Kempson have resigned.

Mr John M. Hale has been appointed manager and chief dealer, Scandinavia Bank.

Mr David L. Thomas is now company secretary to BAC Trust. He will continue as the company's property manager. Mr Ronald Williams is now treasury manager.

Preserving the identity of professional engineers

From Mr J. D. Sampson
Sir, In his article of September 22, Derek Harris drew attention to the proposed winding up of The Engineers' Guild. It is the disappearance of a body which was intended to undertake the engineering profession the representative job which the BMA carries out for the doctors.

If engineers had had the foresight to support the guild it could have succeeded, but with the arrival of the Industrial Relations Act and subsequent legislation, the opportunity of the guild, constituted as a limited company, was lost and its demise became inevitable.

This does not, however, as Mr Harris implies, leave a vacuum since the United Kingdom Association of Professional Engineers, with the constructor of a trade union, was born out of the guild six years ago. UKAPE exists to provide personal services for professional engineers, to advise them and, if required, negotiate for them on salaries and other conditions of service. There is no need and, in my view, there would be little support for the Institution of Electrical Engineers to take

Interim Statement

The Net Profit (after depreciation, interest and other expenses) is estimated at:

Corporation Tax thereon (taken at 52%):

Leaving a Net Profit after Corporation Tax of:

Mr R. H. Gane, the Chairman, stated: "The value of work carried out during the half-year at £215m was some £48m higher than the first 6 months of 1974. The value of work on hand at 30 June 1975 shows a very substantial increase on the previous year. I am happy to report that our workload of No-Fines houses for local authorities is running at the same high level as last year.

Sales of private houses show an increase on 1974. We cannot forecast what market reduction will take place in the UK 12 months from now but our overseas workload is 76% up on last year and we expect this rise to continue. Finally, we anticipate a record turnover for 1975."

George Wimpey & Co. Limited, Bannockburn Grove, London W12 8EN

6 months to 30.6.75 £m 15.2

6 months to 30.6.74 £m 13.7

Year 1974 £m 33.5

6 months to 30.6.75 £m 7.9

6 months to 30.6.74 £m 7.1

Year 1974 £m 17.3

6 months to 30.6.75 £m 7.3

6 months to 30.6.74 £m 6.6

Year 1974 £m 16.2

BUSINESS BOOKS

ICI: a struggle to control the world

Imperial Chemical Industries: A History. Volume Two: The first quarter-century 1925-1952
by W. J. Reader
(18.50)

The second volume of W. J. Reader's official history of ICI covers a period of great importance to British industry. It is the period of the imperial illusion, although that was less an illusion than the great industrial Britain, the workshop of a world that had overtaken her.

Standing in the chaotic ruins of our industry, it is hard not to wonder where all started to go wrong. Quite apart from its intrinsic interest, the value of Mr Reader's book is in the clues it provides, albeit indirectly.

The formation and growth of ICI was a brilliant counterpoint to the long, grinding decline and decline of Britain's great industries—textiles, shipbuilding, coal and steel. Of course it was not recognized as such at the time—normal conditions—were always around the corner.

But we can see now that history was not helplessly in the grip of some peculiarly harsh and immutable law. ICI's early success showed that it was possible for determined individuals to master events. The helplessness of British industry was largely the lack of will and vision in the people who ran it.

The determined individuals in ICI's case were Alfred Mond and Harry McGowan. As the previous volume of the history shows, they came very differ-

ently from the two most powerful of ICI's predecessor companies: Brunner, Mond and Nobel Industries.

Their ambitions were, quite explicitly, imperial. (It took quite a lot of political arm-twisting—such as the famous name past the Board of Trade.) The British chemical industry was fragmented, undernourished and on the verge of competition for the international companies of the United States and Germany. They intended to assemble a group which had power enough to bargain as equals—and then to carve up the world.

It was a modest enough ambition for the time. Only in the United States—and then only for domestic purposes—was there any resistance to the preeminently rational desire of industrialists to combine and eliminate wasteful competition.

Cartels proliferated, covering a wide range of goods in international trade: light bulbs, rubber, fertilizers, magnesium, dyestuffs, sugar and alkalis among them.

Much of the book's fascination lies in the description of the deals, manipulations and *Schneiderei* that characterized this vanishing world.

The cartels broke down. They always have, since they create conditions in which it is irresistible to attract for individual members to abuse them. (The one, but dwindling, source of comfort to Opec-watchers.)

The breakdown came over a time with a combination of overcapacity in some commodities, then the Second World War, and finally the American anti-trust laws—which led to the curious spectacle of Depart-

ment of Justice officials rifling ICI's files in London. It left a powerful residue in the minds of ICI's managers. The author of this review was told by a government official how he had tried to get supplies of dyes during the war for Iran's carpet industry.

Delays were tracked to Dyestuffs Group in ICI, where it was explained that Iran was part of L. G. Farber's sphere of influence; they would have to live with IG after the war. . . . Later, ICI's inexplicable reluctance to go into Continental markets may have had more of the same rationale—though doubtless less explicit.

The story is far from one of unalloyed success. Indeed, history is unusual (and all the more valuable) in being, far from a bland celebration of virtue, quite as concerned to document ICI's failures.

These are the other side of the coin of ICI's successful manipulation of the markets. For when the markets were secured from competition, there was no need to develop manage-

ment skills that would be required in more testing conditions. Financial skills were minimal in a company where, it was said, any promising project could be funded. Marketing skills were non-existent.

There is no question that ICI's management grew fat and complacent in such a protected environment. (Protected from competition for their jobs too, for senior management was appointed only from inside.) Even so, the company had notable successes which demonstrated some crucial management excellence, most technical.

The story is dominated by the figure of Harry McGowan, as the company had been. A powerful man, immediate, physically overbearing, his was the dynamic force for power that lay behind ICI's formation.

After Alfred Mond's death, he assumed absolute power within the company, which he ran as his personal fief. He was vital to the company's formation, but he long outlived his usefulness and by the time he was finally eased out, in 1930 at the age of 76, he was famous

for nothing more than his rages and his drunkenness.

The book—which is admirably clear throughout—ends with some speculation about the costs of ICI's great size, always a lively topic for discussion. Is it too big? Is it, perhaps, inherently unmanageable? Certainly, the power reasons that brought it into being are long since dead. The trading links between some of the divisions provide no sort of industrial logic that could not be encompassed in more arms length trading arrangements.

As always, the financial logic is real; ICI's expansion into most important fields was funded with Nobel money.

But the human relations and management costs are constantly growing. It may be that the time will come when the company will have to break up into more manageable pieces. Then the wheel will have come full circle from Mond and McGowan's grand imperial design, and one more appropriate to an anti-imperial world.

Joe Roebor

Tracing shifts of power in the international oil industry

The Seven Sisters

by Anthony Sampson
(Hodder and Stoughton £4.95)

In January, 1953, the Attorney-General of the United States, James McGraw, produced a report for the National Security Council, which included phrases like: "It is imperative that petroleum resources be freed from monopoly control by the few and restored to free competitive private enterprise."

At the same time the State Department, reflecting the views of its Secretary, Dean Acheson, produced a paper which argued that these international oil companies play a vital role in supplying one of the free world's most essential commodities . . . American oil operations are, for all practical purposes, instruments of our foreign policy . . . we cannot afford to leave unchallenged the assertion that these companies are engaged in a criminal conspiracy for the purpose of predatory exploration . . .

It is a matter of history that the views of Mr Acheson substantially prevailed over the next 20 years in the United States. There has been even less doubt of an identity of commercial and political interest between an international oil company and its government.

These differing prejudices about the operations of the international oil companies set

the parameters within which the whole of the political and economic debate about the international oil industry has taken place. It is this story which Anthony Sampson traces in his book. With the emphasis on the position of the Seven Sisters (the five American oil "majors", plus BP and Royal Dutch-Shell) it traces the change in the shifts of power in the international oil industry over the past half century and more.

Much of the ground covered is familiar, though Sampson brings to it his customary sharpness of observation and insight. It is, however, raised to the level of essential reading for those interested in the politics of oil by the fact that it is the first book that has been able to make use of the evidence compiled by the subcommittee of the Senate Foreign Relations Committee, which under the chairmanship of Senator Church has been looking at the relations between American multinational companies and United States foreign policy.

The interesting new ground is the way in which the major oil companies have adjusted in the past three years to an entirely new role. For decades the "majors" have been the buffer between the producers and the consumers and have had the support of their own governments, because by and large there has been an identity of interest in the provision of secure supplies of oil at least relatively cheap oil. The American and British governments have been content to see their oil companies arrange their affairs so that the bulk of the profit was taken at the production stage of the integrated oil process and not in refining or retailing.

Further, for political reasons, first the Americans and then the British were prepared to allow

their companies to count royalty payments against domestic taxation, though this meant that major oil companies have paid little or no direct corporation tax in their home countries for decades.

As emerged in the Church subcommittee evidence, from 1950 onwards the State Department was in favour of such a politically convenient way of giving aid to, say, Saudi Arabia through the operations of Aramco without having to obtain the approval of the Congress. And other governments followed suit.

But 1973 was a watershed in every sense. Faced with a coherent producers' cartel for the first time, the oil companies found themselves caught in a conflict of interest with their parent governments. On direct orders from the Saudis, for example, Aramco was required to administer the embargo against its own government and withhold crude oil supplies from the United States Sixth Fleet.

At a more general level, the whole integrated machinery of the oil companies became the agent by which unilaterally imposed price increases were passed smoothly on to the industrial consumer. It was a period when our major oil companies found themselves in a position of increasing vulnerability to a Conservative government over the supply and price of oil.

As oil producing countries press with increasing effectiveness for their share of the oil refining processes and the associated petrochemical industries, which for decades the oil companies have reserved for their own domestic control, this changed role and the new tension between the industry and the governments of the industrial world. In place of the oil producing countries, may rapidly become more apparent.

Hugh Stephenson

FINANCIAL NEWS AND MARKET REPORTS

Stock markets

Shares turn back after early rally

The satisfaction in the stock market at the moderation of the Government's employment boost was replaced by dismay as the way ahead for the OPEC meeting in Vienna. The reports suggested that some oil producing countries were calling for a rise of 15 per cent in oil prices. The City had braced itself for a 10 per cent increase but reacted nervously to last night's rumours.

Share prices, which had been moving up in good trade during the morning, quickly fell back towards the end of the session. Dealers said that selling pressure was not heavy but that buyers had withdrawn from the market until the news from OPEC became more certain.

The FT index closed at a net 0.1 off 245.7, after reaching 246.1 in the middle.

Gifts were again rather quiet. "Shorts" eased slightly, with losses on the day of 1.16 or 3.32 point. Dealers were unable to pinpoint any special adverse influences, but referred to the new Treasury 10 per cent 1975 issue as possibly attracting money away from neighbouring stocks. Rumours about a large oil price rise also circulated.

"Longs" were firmer. They opened well, helped by the stronger move in sterling. At one stage prices were 1 point higher, but they drifted down during the day and were generally 1 point up at the close.

The general share price support came from the market leaders. ICI ran back from 294p

a volume of £59.7m in equities, against £59.4m on Tuesday, and on Friday of the previous week. Company statements continued to provide activity. Late dealings brought a heavy fall in shares in Oadell (127p) after news of poor interim figures.

Another major disappointment for the market came from Delta Metal, whose shares fell to 53p in response to a dramatic slump in first half profits. Shell Engineering was another to slip on trading news.

Leading engineering shares were slow to join in the late downturn in the market and retained their earlier gains. But a question mark must hang over this morning's opening. Tube Investments were 2p up at 262p after 264p. GKN closed unchanged at 227p and Vickers at 111p, down only 1p.

Consumer stocks began to slip back as the market turned off. Marks & Spencer ended 2p off at 111p while British Home Stores, unchanged at 349p had touched 350p. Press comment helped Woolworth, at 39p while Owen Owen, the Liverpool store improved to 60p on good first half profits.

Shares in F. Shepherd, slipped back to 50p on news that Jopling does not intend to make a full bid. Features elsewhere in the market included G. Wimpey, firmer after interim results, and British Car Auction, R. Perry and B. Matthews, all helped by trading news.

Latest dividends

Company (and par value)	Ord div	Year ago	Pay date	Year's total	Prev year
Anglo Suez of S.A. Ltd	2.25	2.10	31/10	7.0	7.0
A.P.V. Holdings Ltd	0.88	0.88	31/11	3.0	3.0
Associated Book (20p) Ltd	0.08	0.08	31/11	2.1	2.1
Brit Car Auction (10p) Ltd	2.31	2.31	31/11	4.03	4.03
Delta Metal (25p) Ltd	1.42	1.42	31/11	2.0	2.0
Finlay Packard Ltd	1.2	1.2	31/11	8.4	8.4
Gen & Comel (25p) Ltd	1.2	1.2	31/11	5.40	5.40
Hall Eng (50p) Ltd	2.58	2.58	31/11	2.43	2.43
Horizon Midlands (5p) Ltd	0.74	0.74	31/11	1.43	1.43
Isobutyl (25p) Ltd	1.81	1.81	31/11	4.13	4.13
Kleinwort Benson (5p) Ltd	1.49	1.49	31/11	1.8	1.8
Metal Closures (25p) Ltd	1.4	1.4	31/11	6.21	6.21
Owen Owen (25p) Ltd	0.37	0.37	31/11	2.17	2.17
Oadell (25p) Ltd	2.17	2.17	31/11	4.59	4.59
Pearson London (25p) Ltd	1.08	1.08	31/11	1.8	1.8
Ranomes, Sims (11p) Ltd	2.3	2.3	31/11	6.21	6.21
Ranomes, Sims (11p) Ltd	0.42	0.42	31/11	4.72	4.72
TCL (25p) Ltd	2.6	2.6	31/11	5.19	5.19
Telecom Recs (10p) Ltd	1.9	1.9	31/11	6.5	6.5
Telephone & Gen (25p) Ltd	1.3	1.3	31/11	4.5	4.5
Triplemint Ltd	1.89	1.89	31/11	3.72	3.72
Whitman Recs (25p) Ltd	0.71	0.71	31/11	3.03	3.03
Geo Willis (25p) Ltd	0.67	0.67	31/11	2.0	2.0

Dividends in this table are shown net of tax on profits per share. Where in Business News dividends are shown on a gross basis. To establish gross, multiply the net dividend by 1.25. *Forecast. 1 Cents a share.

APV looks set to top last year's record

By Peter Elliott

After six months of this year to December, APV Holdings, the Sussex-based process engineers, seems poised to beat last year's record results. In the half year to June 30, pre-tax profits soared from £2.96m to £4.29m, and turnover rose from £34.5m to £46.0m.

In his interim report, Mr Peter Seligman, chairman, says he expects the full year to show a "significant advance" over last year's £6.54m total although second half profits are likely to be down on the first half. Last year's second half produced pre-tax profits of £3.58m and turnover of £45m. Much of the credit for the first half advance is due to the backlog of orders

from last year which arose from a shortage of personnel and raw materials. In monetary terms, orders have been maintained at last year's level, but this represents a contraction in real terms—thanks to higher group selling prices. Market conditions for capital equipment in the United Kingdom and other countries are growing tougher.

Apart from the United Kingdom, the group trades in a number of areas including Europe, North and South America, Australasia, Asia and Africa.

Earnings per share in the first six months of the current year rose from 12.34p to 17.53p and the interim dividend rises from 4.55p to 4.89p.

Last year overseas profits rose by 25 per cent and accounted for 60 per cent of the total.

Belgian bid for Atlas worth £3.7m

A £3.7m takeover bid was launched yesterday for Atlas Stone by the privately owned Belgian group Compagnie Financière Eternit. It describes itself as one of the world's largest asbestos cement manufacturers.

The offer is 55p a share in cash and yesterday the shares moved from 60p to close at 96p after the announcement. Mr R. A. Bambrugh, a director of Atlas, said last night the company "strongly recommended" the offer.

The offer is being made direct to shareholders without consulting the Atlas board. But it does in fact follow a move to take some 18 months ago about a merger. At that time Eternit was talking in terms of 125p a share, but since then the construction companies, including Atlas which is also in the asbestos cement industry, have fallen back. The outlook is now not as hopeful as it was then.

Mr Paul Smith, managing director of Eternit's United Kingdom subsidiary, G. R. Speaker, said yesterday that Eternit still did not understand why Atlas had rejected the advances made 18 months ago.

However, Eternit had decided to "renew" its stance at the takeover because the commercial logic remained. Eternit manufactures asbestos cement products used for roofing slates and decorative building components while Atlas manufactures the type of product used as roofing and wall material for garages, industrial and agricultural buildings.

If the takeover succeeds, Atlas will be merged with the products of both companies were complementary rather than competitive.

Metal Closures 19pc down with no upturn forecast

By Tony May

Pre-tax profits of Metal Closures Group fell 19 per cent to £1.89m in the six months to June 30, though turnover rose 10 per cent to £18.7m. Gross dividend goes from 2.08p to 2.15p, but even so the shares closed 4p down at 68p.

The profit decline follows the slow growth rate in the second half of last year. It underlines the board's warning at the annual meeting in June that demand in the United Kingdom was below capacity.

Mr John Boden, chairman of the London-based maker of metal and plastic products for the packaging industry, now says that demand remained low throughout the first half, in line with the general recession in

industry. Until the United Kingdom recovers and its inflation is curbed no improvement can be forecast.

The board is taking the opportunity to rationalise and reorganise part of its business, and is seeking to make the group more competitive in world markets.

Overseas operations continue to be an important part of business and have done a good thing to cushion the setback at home.

For last year as a whole group profits rose 23.6 per cent to a record £4.93m on a peak turnover of £32m. The growth rate in the first half was 42 per cent, but in the second half this slowed down to only 10 per cent.

Ibstock Johnsen advances 10pc in first half

Reflecting a better demand for bricks in housing, the pre-tax profits of Ibstock Johnsen, a building products manufacturer and wood pulp agent, rose nearly a tenth to £1.16m in the half year to June 30. Turnover rose from £5.6m to £7.1m and the board has set the interim dividend at 3.08p against 2.70p.

Mr Paul Hyde-Thomson, chairman, expects second half profits at least to match those of the first half, but he is not sure whether the present upturn in United Kingdom housing starts will continue.

He added that liquidity has been under close scrutiny. Now that the group's heavy capital expenditure is ending cash resources will strengthen. In July, the group sold a non-trading subsidiary with land near St. Helens for £380,000.

Meanwhile, United Kingdom paper mills are still operating at uneconomic levels. Pulp shipments have fallen, and unless these recover profits from the fibres division will be down on the first half.

Mr Hyde-Thomson decided to build electrolytic zinc refinery at Townsville, Queensland, deferred due to high costs and uncertain economic outlook in Australia and abroad.

F. H. TOMKINS LIMITED

Profit Exceeds £1m in a Year of Extremes

	1974/75	1973/74
Turnover	8,805,614	8,155,797
Profit before tax	1,115,879	947,010
Net profit after tax and minority interests	514,822	444,080
Earnings per 5p share	2.546p	2.197p
Dividend (Net)	14.34%	13.45%

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ANCIAL NEWS AND MARKET REPORTS

Anglo American Corp
progresses slowly

Anglo American Corp. has made a slow but steady recovery in the last six months, according to a report by the company's chairman, Mr. J. H. Matthews. The company's earnings for the first half of 1975 were £10.5m, compared with £10.2m for the same period in 1974. The company's share price has risen from 125p to 135p over the same period. Mr. Matthews said that the company's recovery was due to a combination of factors, including a reduction in the cost of production and a rise in the price of gold. He also said that the company was planning to increase its production of gold in the coming year.

Matthews
black
if way

Mr. J. H. Matthews, chairman of Anglo American Corp., has said that the company's recovery in the last six months has been a "black and white" affair. He said that the company's earnings for the first half of 1975 were £10.5m, compared with £10.2m for the same period in 1974. The company's share price has risen from 125p to 135p over the same period. Mr. Matthews said that the company's recovery was due to a combination of factors, including a reduction in the cost of production and a rise in the price of gold. He also said that the company was planning to increase its production of gold in the coming year.

Australian plan
for mining gets
signs of relief

The Australian mining industry has seen signs of relief as the government's plan for the sector has been revised. The new plan, which was announced by the Minister for Resources, Mr. Ian MacLennan, allows for a greater role for the private sector in the mining industry. It also allows for a greater role for the government in the sector. The plan is expected to be implemented in the coming year.

Briefly

SHI CORP will make a public offer of shares and securities in the company. The offer is expected to be completed by the end of the year.

AGRICULTURAL has announced that it is planning to increase its production of agricultural products in the coming year.

WIC has announced that it is planning to increase its production of wool in the coming year.

Ransomes Sims to end level as costs soar

Good trading has carried Ransomes Sims & Jefferies up from £725,000 to a peak of £1,050,000 for the six months to June 30. The company's share price has risen from 125p to 135p over the same period. Mr. Matthews said that the company's recovery was due to a combination of factors, including a reduction in the cost of production and a rise in the price of gold. He also said that the company was planning to increase its production of gold in the coming year.

British Car Auctions
profits up 50 pc

British Car Auctions, the world's largest motor auction business, has reported a 50 per cent increase in profits for the first half of 1975. The company's profits for the first half of 1975 were £10.5m, compared with £7.0m for the same period in 1974. The company's share price has risen from 125p to 135p over the same period.

Owen Owen doubles

The shares in Owen Owen, the departmental store group, have doubled in value since the company was floated in 1974. The company's share price has risen from 125p to 250p over the same period. Mr. Matthews said that the company's recovery was due to a combination of factors, including a reduction in the cost of production and a rise in the price of gold. He also said that the company was planning to increase its production of gold in the coming year.

Scottish Universal

Sir Hugh Fraser, chairman of Scottish Universal Investments, has said that the company's recovery in the last six months has been a "black and white" affair. He said that the company's earnings for the first half of 1975 were £10.5m, compared with £10.2m for the same period in 1974. The company's share price has risen from 125p to 135p over the same period. Mr. Matthews said that the company's recovery was due to a combination of factors, including a reduction in the cost of production and a rise in the price of gold. He also said that the company was planning to increase its production of gold in the coming year.

Dowding & Mills
exceeds forecast

In a circular advising shareholders to reject an offer from General Electric of the United States in May, chairman Mr. K. E. Sharp said the board had made a slow start and the company's share price had fallen. The company's share price has risen from 125p to 135p over the same period. Mr. Matthews said that the company's recovery was due to a combination of factors, including a reduction in the cost of production and a rise in the price of gold. He also said that the company was planning to increase its production of gold in the coming year.

Elliott Group interim
hit by postponed orders

A postponement of orders pushed turnover at Elliott Group of Peterborough, in timber and relocatable buildings, down from £5.3m to £4.3m in the six months to June 30. The company's share price has risen from 125p to 135p over the same period. Mr. Matthews said that the company's recovery was due to a combination of factors, including a reduction in the cost of production and a rise in the price of gold. He also said that the company was planning to increase its production of gold in the coming year.

Higher payout by
Kleinwort

The Kleinwort, Benson, Lonsdale banking house reports group profits for the six months to June 30 "have been more than maintained despite difficult economic conditions". The company's share price has risen from 125p to 135p over the same period. Mr. Matthews said that the company's recovery was due to a combination of factors, including a reduction in the cost of production and a rise in the price of gold. He also said that the company was planning to increase its production of gold in the coming year.

Horizon makes
'surprise profit'

Although it traditionally reports losses for the first six months to May 31, exceptionally higher traffic in April and May gave Horizon Midlands a surprise profit of £27,000, against a loss of £291,000. The company's share price has risen from 125p to 135p over the same period. Mr. Matthews said that the company's recovery was due to a combination of factors, including a reduction in the cost of production and a rise in the price of gold. He also said that the company was planning to increase its production of gold in the coming year.

Hall Eng pays more
as profits drop

Shares of Hall Engineering slipped 6p to 153p on news that pre-tax profit in the first six months to June 30 declined from £2.35m to £1.80m on turnover down from £25.1m to £24.02m. The company's share price has risen from 125p to 135p over the same period. Mr. Matthews said that the company's recovery was due to a combination of factors, including a reduction in the cost of production and a rise in the price of gold. He also said that the company was planning to increase its production of gold in the coming year.

Shareholders urged
to back Trianco board

In a circular to Trianco Group shareholders, Mr. Alex Under Boyle, chairman, and Mr. Henry Frezza, a director, urge them to back the present board. They say it has achieved a profitable reorganization of the group without Mr. L. D. Webb, a director seeking to oust the present board. They argue Mr Webb's vague proposals would over-extend the company's resources and urge that the group needs independent directors to ensure that any share offer places a full value on group assets.

Issues & Loans

Coventry 51½ pc undersubscribed
Underwriters have been called on to take up about 51½ per cent of their commitments after application lists closed for the £10m issue by City of Coventry. The issue was in 13½ per cent redeemable stock 1980 at £99.50 per cent. Coventry's issue followed the £15m loan stock issue by Islington, which was in two tranches, one of 5 year and the other of 10 year maturity. The shorter-dated issue was oversubscribed and Coventry may have taken its cue from this. Islington's issue was a quarter point higher at 134 per cent.

Oslo Euro-loan
The City of Oslo intends to float a 25m European-units of account 10-year loan on the international capital market. The interest rate is expected to be 9½ per cent. The issue price has yet to be fixed. Applications will be made for listing on the Luxembourg Stock Exchange. The loan will be managed by Kredietbank of Luxembourg and others, including Deutsche Bank, Kuwait Foreign Trading Contracting & Investment, and Merrill Lynch.

LEE VALLEY WATER
Offer of £4.4m by tender of £1m 9 per cent redeemable preference stock, 1980, will be at minimum price of issue of £98 per £100 stock.

IRISH PHONE FINANCE
European Investment Bank has granted a loan of £17.5m to develop the Irish telecommunications system.

FRANCOIS PETROBRAS
A contract for a 100m franc, 7½ per cent, 8½-year loan will be signed soon by Petrobras, Consorcium headed by Credit Lyonnais.

Sthn Constructions

The pre-tax profits for the six months to June 30 of Southern Constructions fell from £226,000 to £182,000. The trouble was that wet weather and fixed-price contracts—which caused a loss of £9,000 in the second half of last year—persisted. The board is confident that the full-year profit will be better than the £223,000 achieved for 1974; meanwhile the dividend goes up from 0.22p to 0.30p. The order book stands at £5m and tenders for a further £3m are being considered.

Talks on merchant
bank for Venezuela

Mr Gordon Richardson, Bank of England Governor, is expected to continue discussions on setting up a London-based Venezuelan merchant bank when he visits Caracas for a financial conference in November. London banking sources said Venezuela at present lacks a banking centre in London to help channel its foreign investment. The country may soon come to the Euro market for a test loan although it is in no balance of payments difficulties. Part of the cost of the government's \$35,000m five-year plan for 1974-79 may have to be raised abroad.

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Lonrho to bid
for Chas Roberts

Using its 19 per cent stake as a springboard, Lonrho is to bid for the rest of Chas Roberts, the road and rail vehicle builder, at 210p a share. This values the balance of the company's equity at £17.6m. Before the bid, Roberts was 190p. The directors of the company are consulting their financial advisers—Baring Bros. At October 3, 1974, Pearl Assurance held 13 per cent of Roberts' equity and Johnson & Firth Brown 25 per cent. Johnson said it would be prepared to accept the offer if it is backed by the Roberts' board.

Sena passes pref
as loss looms

Sena Sugar Estates is not paying a final ordinary dividend for 1974, and it is postponing the payment of the half-yearly dividend on the 6½ per cent preference shares. Shareholders were told this at the annual meeting by Mr J. Horning, chairman. He referred to the difficulties in Mozambique and the present world price of sugar. Sena is expected to show a loss after depreciation this year. Last year it made a pre-tax profit of £4.84m. Moreover, the cash position in Mozambique has deteriorated.

INTERIM STATEMENT

ANGLO AMERICAN CORPORATION OF
SOUTH AFRICA, LIMITED

(Incorporated in the Republic of South Africa)

Report for the half-year ended 30th June 1975
and
Notice of Interim Dividend No. 78
on the Ordinary Shares

REPORT FOR THE HALF-YEAR ENDED 30TH JUNE 1975

Financial results

The following are the unaudited results of the Corporation and its subsidiaries for the half-year ended 30th June 1975, together with comparative figures for the half-year ended 30th June 1974, and the year ended 31st December 1974. These should be read in conjunction with the notes below:

	Half-year ended 30.6.75 R000's	Half-year ended 30.6.74 R000's	Year ended 31.12.74 R000's
Group profit, excluding surplus on realisation of investments. (Note 1)	42 891	37 163	83 152
(Loss)/Surplus on realisation of investments	(77)	1 295	705
Group profit before taxation	42 814	38 458	83 857
Deduct: Taxation	1 512	2 616	4 942
Group profit after taxation	41 302	35 842	78 915
Deduct: Outside shareholders' interest	1 411	1 160	3 169
Group profit attributable to Anglo American Corporation of South Africa, Limited	39 891	34 682	75 746
Preferred stock dividend	143	143	286
Equity earnings	39 748	34 539	75 460
Cost of interim dividend No. 78 of 8 cents per share	10 531	9 852	
Number of shares in issue at end of respective periods	131 639 300	129 941 300	131 387 300
Earnings per ordinary share—cents	30.19	26.6	57.4
Dividends per share—cents	8.0	7.5	29.0

Notes:
1. No provisions for the depreciation of investments and against loans are included in the results to 30th June, as they are considered annually at the financial year-end. The Group profit for 1974 is after allowing for provisions of R83 000 000.
2. It should not be assumed that the results for the first half of the year will necessarily be proportionate to the results for the year ending 31st December, 1975, for the following reasons:
(a) Income from investments does not accrue evenly throughout the year;
(b) The realisation of investments fluctuates in accordance with policy decisions and market conditions;
(c) Certain costs, such as those incurred on prospecting, vary materially from time to time.

3. Particulars of the Group's listed investments are as follows:

	At 30.6.75 R000's	At 30.6.74 R000's	At 31.12.74 R000's
Market value	1 185 203	1 115 979	1 057 815
Book cost	327 154	398 473	293 978
Appreciation	858 049	756 506	763 840

NOTICE OF INTERIM DIVIDEND No. 78 ON THE ORDINARY SHARES

Notice is hereby given that dividend No. 78 of 8 cents per share (South African currency) (1974: 7.5 cents) being an interim dividend in respect of the year ending 31st December, 1975, has been declared payable to shareholders registered in the books of the Corporation at the close of business on 9th October, 1975 and to persons presenting coupon No. 83 detached from share warrants to bearer. A notice regarding payment of dividends on coupon No. 83 detached from share warrants to bearer will be published in the Press by the London Secretaries of the Corporation on or about 2nd October, 1975.

The transfer registers and registers of members will be closed from 10th October to 24th October 1975, both days inclusive, and warrants will be posted from the Johannesburg and the United Kingdom offices of the transfer secretaries on or about 6th November 1975. Registered shareholders paid from the United Kingdom will receive the United Kingdom currency equivalent on 28th October, 1975 of the rand value of their dividends (less appropriate taxes). Any such shareholders may however elect to be paid in South African currency, provided that the request is received at the offices of the Corporation's transfer secretaries in Johannesburg or in the United Kingdom on or before 9th October, 1975.

The effective rate of non-resident shareholders' tax is 12.4767 per cent. The dividend is payable subject to conditions which can be inspected at the head and London offices of the Corporation and also at the offices of the Corporation's transfer secretaries in Johannesburg and the United Kingdom.

Copies of this report will be despatched to registered shareholders from the office of the transfer secretaries in Johannesburg and the United Kingdom as soon as possible.

By order of the Board
H. F. Oppenheim
G. W. E. Rely
Directors

Transfer Secretaries:
Consolidated Share Registrars Limited,
62, Marshall Street,
Johannesburg 2001,
(P.O. Box 61051 Marshalltown 2107)
and
Charter Consolidated Limited,
P.O. Box 102, Charter House,
Park Street, Ashford, Kent TN24 8EQ

25th September, 1975

FORUM
PROPERTIES LIMITED

Points from the statement by the chairman, Gerald Edgson, at the annual General Meeting on 25 September



Forum's continued growth

- Rental income for current year expected to be over 250% up on 1974/5.
- Borrowings represent only 11% of net assets.
- Dividend increased by maximum permissible.
- Further expansion in Europe.

Copies of the Annual Report are available from the Secretary, Forum Properties Ltd, 66 Gresham Street, London EC2V 7BD.

Foreign
Exchange

The dollar conceded more of its recent advance during yesterday's foreign exchange trading, partly reflecting West German and French government moves to assist their respective economies. Some profit-taking also developed ahead of the final decision by OPEC on the level of oil price increases. The dollar also into profit-taking early on and then staged a useful rally only to relapse during late trading in the absence of any official communiqué from Vienna. Selling by short-term speculators was another adverse factor when it became known that the United States trade figures for August had been postponed for 24 hours. However, a majority view was that they would be good. Movements, particularly during the afternoon, were often disproportionate to actual business, reflecting the thin conditions. The pound rose to \$2.0480 to show a net gain of 25 points against the dollar. Its trade-weighted depreciation against major currencies was unchanged at 28.5 per cent. Gold rose \$2.00 an ounce, to close in London at \$135.00.

Recent Issues

Barclays Bank 1980 (1000)
Barclays Bank 1985 (1000)
Barclays Bank 1990 (1000)
Barclays Bank 1995 (1000)
Barclays Bank 2000 (1000)
Barclays Bank 2005 (1000)
Barclays Bank 2010 (1000)
Barclays Bank 2015 (1000)
Barclays Bank 2020 (1000)
Barclays Bank 2025 (1000)
Barclays Bank 2030 (1000)
Barclays Bank 2035 (1000)
Barclays Bank 2040 (1000)
Barclays Bank 2045 (1000)
Barclays Bank 2050 (1000)
Barclays Bank 2055 (1000)
Barclays Bank 2060 (1000)
Barclays Bank 2065 (1000)
Barclays Bank 2070 (1000)
Barclays Bank 2075 (1000)
Barclays Bank 2080 (1000)
Barclays Bank 2085 (1000)
Barclays Bank 2090 (1000)
Barclays Bank 2095 (1000)
Barclays Bank 2100 (1000)

